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Advertising: the big boys' urge to merge, Page 22

World news | Business summary

Christian party has clear win in Sabah

The Chief Minister of the resource-rich east Malaysian state of Sabah led his Christian-dominated Party Bersatu Sabah to a stunning victory in state elections on the back of a wave of anti-federal feeling.

Joseph Pairin Kitingan's PBS had, with 47 of the 48 contested seats declared, won 34 seats, compared with 12 for the Moslem United Sabah National Organisation and one by the Berjaya Party.

The victory proves convincingly that that while Christian-led, the PBS has been able to attract substantial numbers of Moslem voters. Page 24

Sudanese premier

Umma Party leader Sadeq al-Mahdi was elected Prime Minister by Sudan's new Parliament during a session which started with a walk-out by deputies representing the war-torn south of the country.

Teachers shot

Sikh extremists shot dead three Hindu teachers and wounded three in a school playground in their most savage reprisal for a security raid on the Sikhs' holiest shrine, the Golden Temple.

Guerrilla threat

Abu Abbas, leader of the Palestine Liberation Front guerrilla group, said his organisation would start operating from within the US.

No capsule ban

US drug safety regulators have decided not to ban or restrict the use of capsules for over-the-counter sales, despite a recent poisoning incident *involving cyanide-laced* Extra-Strength Tylenol.

Tamil held

Sri Lankan police questioned a Tamil man caught posing as an Air Lanka pilot at Colombo airport about Saturday's airport bombing in which 14 people died.

Bomb trial alert

Tight security precautions were in force for the opening of the 1984 Brighton bombing trial at the Old Bailey in London.

Peruvian arrests

Peruvian paramilitary police arrested 448 people, including 38 women and 15 children, in a round-up after the assassination by guerrillas of a rear-admiral.

Border closed

Uganda closed its border with Zaire in an attempt to stop smuggling of petroleum products and coffee.

Belgian protests

Unions paralysed Belgium's public services and closed schools in protest against proposed cuts in public spending.

OAPEC split averted

Arab oil states averted a split in their ranks as members of the 10-nation Organisation of Arab Petroleum Exporting Countries apparently persuaded Tunisia to shelve plans to leave the group.

Soldiers drown

Seven Turkish soldiers drowned during manoeuvres on a *lake* in western Turkey.

Bookings decline

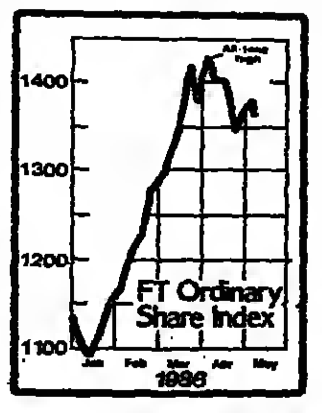
Bookings by *Americans* on flights to Mediterranean destinations have been cut by more than 50 per cent since the US air raid on Libya, a Pan American Airways official said.

Defferre in coma

Veteran French politician Gaston Defferre, Mayor of Marseilles for more than 30 years, is in a coma after a fall.

Bell and Boeing win $1.7bn contract

BOEING VERTOL and Bell, US aerospace groups, joined forces to win *a $1.7bn government contract to* develop a helicopter with tilting rotors and wings that flies like an aeroplane. Boeing said US military services will require more than 1,200 of the aircraft, worth a total of $24bn. Page 24



LONDON: Equities fell after earlier gains as demand faded. Gilts recorded some gains. The FT Ordinary share *index lost 14.4 to 1,368.5* while the FT-SE 100 dropped 16.3 to 1,636.2. Page 48

WALL STREET: At 3pm the Dow Jones industrial average was 2.72 lower at 1,791.05. Page 48

TOKYO: Stocks were propelled *higher* by active *interest* in construction issues. The Nikkei average reached a peak of 15,900.16, up 31.71. Page 48

DOLLAR fell in *London to* DM 2.2075 (DM 2.2140), SFr 1.8455 (SFr 1.8525); FFr 7.03 (FFr 7.045) and Y166.2 (Y169.75). On Bank of England figures the dollar's exchange *rate index* fell from 114.5 to 114.3. Page 41

STERLING rose in London against the dollar to close at $1.534 ($1.522). It also rose to SFr 2.83 (SFr 2.82), FFr 10.785 (FFr 10.7225) and DM 3.3875 (DM 3.37), but fell *to* Y255 (Y258.25). The pound's exchange rate index rose to 76.3 from 76.0. Page 41

GOLD fell $2.50 an ounce in *the* London bullion market to close at $340.5. Gold also fell in Zurich to $340.85 from $343.25. In New York *the June Comex settlement* was $344.00. Page 40

CHINESE Boxer bonds – issued in pre-communist times – recovered from £9.50 to £14 ($21.42) per £100 nominal in London after the start of *talks* in Peking on UK claims *for* settlement.

AEG, West German electricals concern now in the control of the Daimler-Benz group, expects sales to rise this year for the first time since 1981, despite a fall in the first quarter. Page 25

SECURITIES and Exchange Commission refused to relax temporarily the accounting rule requiring US oil and gas companies to write down the value of reserves if their book value exceeds current market value. Page 25

AUSTRIAN Finance Minister Franz Vranitzky said the controversial tax on interest on securities and bank deposits would be scrapped. Page 25

JAPAN is expected to introduce tax reforms early next year which would ease the restrictive taxes on imported Scotch whisky. Page 10

BL, UK motor manufacturer, appealed *in* the European court against a fine of Ecu 350,000 ($342,000) for alleged breach of EEC competition rules.

NOKIA, Finland's largest publicly traded industrial group, plans to *raise FM 380.2m ($72.5m) through* a one-for-four rights issue – the largest the country has seen. Page 25

ARIANESPACE, Europe's private space consortium, said it had signed a contract with Japan's Space Communications Corporation to launch two SCC "Superbird" satellites. Page 10

US hails move on economic accord at Tokyo summit

BY JUREK MARTIN AND PHILIP STEPHENS IN TOKYO

LEADERS of the world's top seven industrialised countries yesterday agreed new moves towards international economic co-operation which the US claimed were the most significant *development since* the *introduction* of floating exchange rates.

According to Mr James Baker, the US Treasury Secretary, the summit accord on monetary and exchange rate *co-operation constituted* "a development we haven't seen the likes of in 13 years."

Although not echoed by all summit participants, his upbeat appraisal *was in tune with the communique* issued at the end of the 2½ day meeting, reflecting broad optimism and agreement on the need to maintain existing policies aiming at non-inflationary growth.

Minor notes of dissent, however, were sounded by West Germany and Japan, the two countries with the largest current account surpluses. Mr Helmut Kohl, the West German Chancellor, reflected his Government's apprehension about enhanced surveillance, or monitoring, of national economic policies by stressing that Germany was very proud of what it had achieved already.

Mr Yasubiro Nakasone, the Japanese Prime Minister aod summit bost, tried to put a brave face on what be *had achieved, but found* himself defending what is seen here *as his failure to attain* the minimum goal of preventing further strengthening of the yen. "We tried hard to explain our position," be said.

The US Administratioo made clear througbout the meeting that it rejected joint action to prop up the dollar, despite warnings from, among others, Mr Gerhard Stoltenberg, the German Finance Minister, of the danger of bigber interest rates in *the US if* the *dollar continues its* descent.

In Mr Baker's view, the most important progress, along with Monday's declarations on terrorism and the Chernobyl *nuclear disaster,* was the *movement towards* greater economic and monetary co-operation and co-ordination.

This was, he said, the most significant development since the collapse of the Bretton Woods regime in 1973. It went beyond the Plaza Hotel agreement of last September in one important respect by calling for the use of a wide range of economic performance indicators to determine the actions that govern*ments should take whenever econ*omies became conspicuously out of *line*.

"It is not," Mr Baker said, "an intervention mechanism," even though be would not be *surprised* if more intervention did take place.

Mr Stolteoberg, however, was far more cautious. He was anxious that *Germany* should not be obliged to play a locomotive role through any policy obligatioo placed on national governments.

The communique stressed the need for *"close and cootinuous co*ordination of ecooemic policy" among the summit countries and undertook:

- To form a new group of seven fi*nance ministers, iocluding* Italy and Canada, for more frequent consultations between summits.

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Hints on German support underpins $ upturn

By George Graham in London, Philip Stephens in Tokyo and Paul Taylor in New York

THE THREAT of intervention by the West German central bank in support of the dollar yesterday helped the US currency to recover some of the ground it had lost the previous day in the foreign exchange markets. Dealers were *hesitant, however, as they tried* to draw some conclusions about *the dollar's* underlying trend from the Tokyo summit.

In Tokyo, West German and *Japanese officials indicated that* the refusal of the US to agree to joint intervention to prop up the dollar did not rule out possible unilateral or joint action by Bonn or Tokyo if the US currency continued to slide.

Mr Gerhard Stoltenberg, the West German Finance Minister, said that be now saw more disadvantages in a further dollar decline than advantages. However, Mr James Baker, the US Treasury Secretary, continued to insist that for the moment at least the dollar's fortunes will be left to market forces.

Mr Stoltenberg's remarks caused the dollar's sharpest rally yesterday, as the US currency traded in Europe in a broad range from DM 2.2305 down to DM 2.1790. It ended in London at DM 2.2075, nearly 1¾ pfennigs higber than its New York close the previous day.

Against the yen, the dollar pushed np to Y168.15 in Europe after trading as low as Y164.85 and ended in London at Y166.2.

On Wall Street the dollar came under renewed pressure in early, active trading after attempting a brief rally. At lunchtime, the US currency was quoted in New York at DM 2.2005, after failing to pierce the DM 2.23 level. It stood at Y165.85 and at $1.5395 against sterling.

The US markets were generally unsettled after the Tokyo summit, and in the midst of the record $27bn US Treasury refunding which kicked off yesterday with the auction of $9bn in three-year notes.

In early trading yesterday, US short-term interest rates were little changed, while bond prices fell back sharply, wiping out

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Money markets, Page 40;
Currencies, Page 41

Soviets admit underestimating nuclear disaster

BY PATRICK COCKBURN IN MOSCOW

LOCAL officials in the Ukraine at first failed to understand the scale *of the nuclear disaster* at Chernobyl, the head of the committee investigating the accident said yesterday.

"The local experts had not made a correct assessment of the accident," Mr Boris Shcherbina, the bead the *commission set up to investigate* the accident, said at the first Soviet press *conference* on *the world's* worst civil nuclear accident.

Mr Sbcherbina said that the original accident was the result of an explosion at the fourth 1,000 MW reactor at Chernobyl at 1.23am on April 26. A second reactor in the same ball was damaged, but the *fire* in the structure of the building itself was put out by the power station's fire units.

The radiation levels in the Ukraine and neighbouring *areas* of the Soviet Union have oot exceeded international and Soviet safety levels, Mr Sbcherbina said.

Nevertheless, the Health Minister for the Ukraine oo Mooday for the first time warned people not to eat *vegetables or drink milk* to avoid contamination. Soviet television last night sbowed an *interview* in bospital with a man from Pripyat, the town where the workers from Chernobyl lived, who said be was feeling well and wanted to go bome *as soon as possible.*

The holding of the press conference and detailed articles in the Communist Party daily newspaper Pravda yesterday on the accident indicates that the authorities believe they bave it under control and also want to limit the damage to the Soviet image abroad by Moscow's refusal to give detailed information about the disaster last week.

Mr Sbcherbina went out of his way *yesterday* to lay *some* of the blame on local officials. He said: *"The first information* we obtained was not the same we obtained when we reached the area."

He also said that the *main* evacuatioo from Chernobyl and a 33 km zone surrounding it took place oo the April 27, 36 bours after the accident. *This cootradicts Pravda,* whicb said the evacuation took place immediately after the disaster.

If the evacuatioo was delayed, to*gether with the evacuation of the* 100 injured to Moscow, this would fit in with Mr Shcherbina's claim that local officials had underestimated the seriousness of the accident. He also said that radioactivity reacbed a peak on the Sunday after *the accident* and bad *since declined.*

Despite the move by the authori*ties in the Ukraine* to finally warn people against drinking milk and eating fresh vegetables, the Soviet Union bas also stepped up its attacks oo the foreign media and gov*ernments* for giving exaggerated accounts of the disaster.

No threat to Britain, Page 24

Burroughs outlines Sperry bid strategy

BY PAUL TAYLOR IN NEW YORK

WALL STREET reacted warmly yesterday to Burroughs' surprise $4.06bn return bid for Sperry, the rival mainframe computer maker, sending both companies' share prices soaring in early trading.

Burroughs' takeover bid is aimed at creating a new computer giant with more than $10.5bn in annnal reveoues whicb would be more capable of competing with the industry market leader, IBM. The bid came late on Monday after the equity market *had closed.*

In early trading yesterday, Sperry's share price jumped by $10⅞ to $68⅝ with the computer group beading the most active list on the New York Stock Exchange. While a takeover *target's stock normally* rises in the wake of a bid, Burroughs' stock also advanced strongly, gaining $4½ to $64½ in early trading.

The sbarp share price gains, which came despite the lack of a response from Sperry's management *to the bid,* appeared *to indicate* an initially positive response oo Wall Street to the $70-a-sbare cash and securities offer. Many industry analysts believe the bid will probably *succeed* despite lingering doubts about the challenges facing a new merged company.

Mr Michael Blumenthal, Burroughs' chairman confirmed yesterday that be had yet to receive a response from Sperry but added: "We bope and expect that our offer will

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Control Data's debt deadline, Page 18; Burroughs' second attempt, Page 25

Foreign bankers told they must abide by UK rules

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

THE Bank of England yesterday warned foreign bankers operating in the UK that they must abide by the same rules as Britisb bankers, *or risk being reported to their own* regulatory authorities back home.

In some toughly worded remarks to foreign bank representatives, Mr George Blunden, the deputy governor, said the Bank wanted to ensure that foreign banks conducted their *affairs prudently in the UK* and did not enjoy any unfair advantages over domestic banks through being more lightly regulated.

He referred to measures intro*duced by the Bank to tighten* UK banking supervision in light of the Johnson Matthey Bankers affair and the rapid growth of novel banking instruments. These measures *have provoked complaints* from UK bankers that they are being unfairly handicapped in the international marketplace.

Mr Blunden said that the Bank was aware of these worries and was keen to create "a level playing field." But it would do this by rigorously examining what foreign banks were doing rather than by imprudently relaxing the regime for UK banks.

His remarks were made in a speech – his first since he took office at the beginning of this year – to a lunch given for foreign bankers by the *Financial Times*. Mr Robin Leigh-Pemberton, the governor of the Bank of England, is due to make another speech along similar lines today.

Mr Blunden acknowledged that the Bank's recent measures to control the growth of off-balance-sheet business were tougher than those of other countries – some of which had so far done nothing to curb this practice, in which banks collect fees in *return for commitments* to lend money to companies which cannot sell securities at some future date.

But Mr Blunden said that the Bank would ensure "that overseas banks' branches in London do not involve themselves in imprudent risk-taking through excessive exposure to off-balance-sheet risks. Where we consider that they are doing so, we will seek to restrain them and to ensure that both the head office of the bank and its bome supervisor are aware of what is going on."

The Bank would take similar action, be said, with foreign banks which breached the new rules designed to prevent banks building up excessive loan exposures to a single customer. These say that a bank may not take on exposures which exceed 10 per cent of its capital and that a 25 per cent concentration of risk is a limit to be exceeded only in very *exceptional circumstances*. These ceilings are lower than in many other countries.

VW profits surge to DM 595m

BY DAVID BROWN IN WOLFSBURG

VOLKSWAGEN, the West German *motor* manufacturer, experienced slower growth in the first quarter of 1986 but is confident that earnings will stabilise at present strong levels for the rest of the year.

VW more than doubled net profits last year from DM 228m to DM *595.6m ($275m)* on sales up 15 per cent at DM 52.5bn.

West German and other European markets continued to develop strongly during the three months to the end of March, but the group's worldwide sales revenue during that *period* declined from DM 13.43bn to DM 12.81bn. Parent company sales revenue was stable at DM 10.4bn.

Volkswagen did not disclose precise first-quarter group profits but Dr Carl Hahn, chief executive, indicated *they were "the same or perhaps* a little better" than the DM 142m achieved during the same period a year earlier.

VW says demand is strong and *orders growing* not least for its best-selling Golf range but also for higher-priced models.

Despite higher investment in production capacity, the group has not been able to *keep pace with demand* and the average delivery period is now about eight weeks.

BMW, West German prestige car and motorcycle manufacturer, *plans to raise DM 555m ($257m)* through a one-for-four rights issue, stepping up the company's basic capital from DM 600m to DM 750m. Page 25

VW hopes to compensate for the lower *D-Mark* value of dollar-denominated receipts through a higher volume of deliveries.

This year Dr Hahn expects overall delivery of about 2.5m vehicles, *an increase* of about 5 per ceot from the 2.4m achieved in 1985.

Deliveries in the first quarter this year rose 7 per cent to 610,000 vehicles, with improvements in Europe, the US and Brazil offsetting declines in the Mexican and South Af*rican markets*.

The group plans to continue increasing its prices in *North America* to help to compensate for the negative effects of the weaker dollar.

The group's Brazilian subsidiary, which *faces a squeeze from a simul*taneous price freeze on cars and higher production costs, is to begin *deliveries* to the US this year of a lower-priced model to meet Japanese competition.

Meanwhile, a VW director confirmed the group's prospects of winning a contract *from* the Soviet Union for a large eogine assembly facility – worth "at least" DM 100m – bave receded as a result of Moscow's ecooomic difficulties.

VW, which is 20 per cent owned by the West German Government and 20 per ceot by the state govern*ment of Lower Saxony, has already* announced plans to double its dividend to DM 10 a sbare.

Dr Hahn officially confirmed the agreement under which VW is to sell a 98.4 per cent stake in its loss-making Triumph Adler office products *subsidiary* to *Olivetti,* peoding approval from anti-trust authorities. In exchange, it will take a 5 per cent stake in the Italian office automation group.

The group expects to finalise its takeover of a 51 per cent stake in *Seat of Spain* in the near *future,* Dr Hahn said. Shiftiog production of lower-priced VW models to the facilities in Spain would free VW's capacity to increase Golf output in Germany.

Capacity at the Spanish facilities is to be iocreased from 100,000 to 120,000 units.

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Exchanges bode ill for arms talks

BY WILLIAM DULLFORCE IN GENEVA

A WASPISH exchange of arrival statements by the US and Soviet chief negotiators yesterday boded ill for the nuclear arms control negotiations which resume in Geneva tomorrow.

Mr Viktor Karpov on the Soviet side told journalists that the US had done virtually nothing at the last session to translate into decisions the agreement to accelerate the Geneva negotiations made by President Ronald Reagan and Mr Mikhail Gorbachev at their summit meeting in Geneva in November.

Moreover, he added that since the end of the previous session in March, the US had "taken actions openly aimed at escalating tensions and heightening the military threat".

Arriving a few hours later, Mr Max Kampelman for the US took up in an addition to his prepared statement this "unmistakable, critical reference" to the military action taken by the US against Libya.

A regime with 120,000 troops subjugating Afghanistan and its peoples was in no moral or political position to feign outrage when the US defended itself against Libya's undeclared war, Mr Kampelman said.

The two powers pick up tomorrow the negotiations aimed at reducing nuclear weapons which they started in March, 1985. The talks are divided into three groups covering strategic nuclear weapons, intermediate-range nuclear forces (INF) and space weapons.

At the last seven-week session most attention focused on the possibility of reaching an accord to eliminate medium-range nuclear weapons from Europe after Mr Gorbachev had indicated in January that the Soviet Union was ready for a deal on the issue.

In particular the Russians appeared to drop in the case of the medium-range weapons their insistence that any reduction in existing nuclear weaponry depended on the US agreeing to abandoo its Strategic Defence Initiative, President Reagan's "Star Wars" programme.

The US found other conditions attached to the INF deal by the Soviet Union unacceptable. These were a demand that Britain and France abandon plans to modernise their nuclear forces and a call for the US to undertake to transfer no more nuclear weapons to other countries.

The talks on the strategic weapons, where a tentative understanding bad been achieved to aim initially for a 50 per cent reduction, bogged down over the Soviet insistence on a linkage with abandonment of the US "Star Wars" programme and over definitions of precisely which weapons should be included in the category.

Patrick Cockburn pieces together events that followed the reactor explosion

Moscow admits Chernobyl underestimated

THE EXPLOSION at the fourth 1.000-Mw reactor at the Chernobyl power station took place at 1.23 am on the morning of Saturday, April 26, said Mr Boris Shcherbina, head of the government commission investigating the world's worst civil nuclear accident yesterdsy.

Taken together with an article in the Communist party main course of events following the explosion is becoming clear.

The explosion set light to the walls of the enormous mschine hall wbere two of the resctors ere housed. When the fire protection unit attached to tbe power station tried to put out the 100-ft high flames and their boots sank ioto the molten bitumen. They found it difficult to breathe given the dense smoke and fumes, but eventually put out the blazing walls thus saving the second reactor.

Ooe man was killed by falling debris and another, with 80 per cent of bis skin burnt awey, died soon afterwards. Some 100 people were injured, 18 of them seriously and all were immediately flown to Moscow for special treatment.

One of the RBMK-1.000 reactors wss damaged in the explosion and began to burn, according to two Pravda correspondents who visited Chernobyl this week. The firemen could not pump water or chemicals on the fire because tbey were frightened of creating steam which would carry more radioactive debris into the air.

According to Mr Shcherhina yesterday the local authorities at the power station did not realise the seriousness of wbat bad happened.

One of the most experienced and successful administrators in tha Soviet energy industry, wbo developed the oil and gas of west Siberia in the 1960s and 1970s. Mr Shcherbina was appointed head of s new energy bureau in the Kremlin in March as the chief trouble-shooter for all of Soviet energy. Hia first serious challenge is as head of the commisssion investigating tbe accident.

"The first information we obtained was not the same as that which we obtained when we were in the area. There the local experts bad not made a correct assessment of tbe accident," Mr Shcberbina told a crowded news conference in Moscow yesterday. He himself was in Kazakhstan when the commissison was set up so the underestimation of the seriousness of tbte crisis may have continued until Sunday.

Nevertheless, there was a rapld evscuation of the township at Chernobyl on the hanks of the Pripyat river wbere the power station workers and their families lived. Mr Shcherhina says it started at 2 pm on Saturdsy and was over by 4.20 pm. Pravda says: "It took only four bours to get everything ready and to get the residents out of the township."

Drivers at one motor garage in Kiev, 80 miles to the south, were lined up in the back yard of their depot and told that anybody wbo did not want to help the evacuation should take a step forward. Nona did so. They took 80 vehicles north to Chernobyl and nearby villages and farms, some 49,000 people eventually being moved to safety. Farmers in collective ferms were moved to others in safer areas, wbile schools to whicb children have been evacuated are working two shifts.

The radiation increase after the explosion was immediately registered at the local weather station on Saturday morning. It reported to Klev that radioactivity was increasing hut, Mr Shcherbina says, the peak of radioactivity was only reached on Sunday, the day after the accident.

At first, a small numher of essential workers were left at Pripyat township next to Chernobyl, mainly communications workers, but as the situation worsened on Sunday they were also withdrawn.

By the start of this week the town, which previously had a population of 25,000, was completely empty. Nothing moved, according to Pravda, except a special vehicle belonging to the radiation control service. Otherwise, a 33km zone around the plant is completely empty.

The original fire, presumably that burning in the structure of the reactor hall, was put out within hours, according to Mr Shcherbina but it is not clear when tha fire went out in the fourth reactor.

This is now almost completely plugged, according to Mr Boris Yeltsin, the Communist party leader for Moscow city and a non-voting member of the politburo. He has been acting as a sort of de facto spokesman on the disaster. The other two reactors at Chernobyl, housed in a different building, are undamaged.

The Soviet Government had moved fast to investigate the cause and eliminate the consequences of the disaster, Mr Shcherbina said yesterday.

But when the Swedish Government started to make inquiries in Moscow on Sunday, more than 48 hours after the accident, it was met with a disclaimer that any disaster had taken place at a Soviet nuclear power station. Presumably, the Foreign Ministry did not know that wind had blown a radioactive cloud from Chernobyl across the Baltic.

Most radiation, say the Soviets, was in the immediate area of the plant and there was only limited danger beyond this. The increase in radioactivity was very limited in the cities of Kiev to the south and Gomel in Byelorussia to the north, they say. In Minsk, there was almost no change in radiation levels.

Nevertheless, the Health Minister nf the Ukraine appeared on television on Monday night in Kiev to tell people not to eat vegetables or drink milk.

Yesterday's article in Pravda and Mr Shcherbina's news conference explains much of what happaned at Chernobyl but leaves a number of mysteries unresolved. The most important of these is how long the cover up or miscalculation by local officials in the Ukraine continued, and the precise moment that Moscow realised the seriousness of what was happening.

IMPORTS OF fresh food prodncts from Eastern European coontries in a radius of 1,000 km from the Soviet unclear plent at Chernobyl are likely to be banned from the European Community as a temporary measure until radioactivity levels decline, writes Paul Cheeseright in Brussels.

The European Commission yesterday presented proposals for such a ban to trade ministers here yesterday. They will be discussed in detail hy senior officials today. Mr Willem van Eekelan, the Dntch State Secretary for Foreign Affairs, said be boped that meeting would lead to a decision.

"It makes obvious sense for the Community to respond to these events in a coordinated fashion," said Mr Michael Howard the UK's Parliamentary Secretary for Consumer Affairs.

The Commission proposals, drawn up after consultation with national experts of the 12 and representatives from countries in the European Free Trade Association, were designed to promote common measures as a replacement for individual national restrictions already going into force.

The import ban would affect trade valued at Ecu 583m (£373m) in 1985 for the Commnnity of 10 and affect sales of dairy products, fresh meat, live animals, game and freshwater fish.

At the same time the Commission is urging the 12 to allow free circulation of food products among themselves provided they are within a certain level of radioactive tolerance. This would prevent trade distortions of the type that have been emerging with, for example, the introduction of licensing systems by Italy and Spain for food products from other Community members.

The level of tolerance would decline gradually. From May 8 until May 16 it would be set at 500 becquerels (a measurement of radioactivity) per kilogram for milk and milk products. The highest level so far reported in the Community is 300 becquerels.

Need to establish warning system agreed in Poland

POLAND AND the Soviet Union have recognised the need to standardise Comecon's radioactive pollution safety norms snd to establish automatic notification procedures in case of accidents, according to Mr Jerzy Urban, the government spokesman, writes Christopher Bohinski in Warsaw.

The move follows the evident failure hy the Soviet Union to notify Poland of the accident at Chernobyl last week, leaving the Poles with 24 bours of above normal radiation levels and little clear idea of the source.

According to a Soviet communique, a Soviet team of nuclear experts which bas been having talks in Polance also agreed that Polish safety steps like giving children iodine doses had been "correct" at the same time.

Mr Urban yesterday deoied that the radioactive pollution had caused any significant economic losses and thus dismissed the idea of seeking compensation fro mthe Soviet Union. He added that foreign bans on imports of Polish food if imposed, would probably be short-lived as iodine radiation levels fell to normal.

Amsterdam: Tbe Dutch Parliament will hold an emergency debate today on the Cbernobyl disaster and its implications for the Netherlands' plans to build two nuclear power stations, writes Laura Raun. It is likely to result in tbe plans being postponed until after the general election on May 21.

Nuclear energy supplies only 5 per cent of all electricity in the Netherlands compared with 65 per cent in France and 30 per cent in West Germany and the two planned reactors would increase that fivefold.

Mr Ruud Lubbers, the Prime Minister, last week strongly defended his government's nuclear programme and argued that the Chernobyl accident was no reason to halt plans for more plants.

Rome: Two Italian left-wing parties met yesterday to co-ordinate their strategy for promoting a referendum on the future of nuclear power in Italy, writes James Buxton. Radical and Proletarian Democracy parties seem determined to capitalise on current popular anxieties about nuclear energy. These are being highlighted in Italy by an official 15-dey ban on the sale of certain fresh vegetables and on giving fresh milk to children under 10 and to pregnant women.

Despite depending on imports for the vast majority of its energy needs, Italy bas only three functioning nuclear power plants. A fourth is under construction and three more are planned, of which only one is close to going ahead.

Copenhagen: The Danish Agriculture Ministry has placed an immediate ban on putting cows out to grass after increased radiation was measured in grass samples in Jutland, writes Hilary Barnes. The ban will be maintained until levels return to normal.

International THE ARTS

Unesco gives UK low priority

BY PAUL BETTS IN PARIS

BRITAIN'S application for observer status at Unesco will be one of the dominant issues of a key meeting starting today in Paris of the UN agency for education, science and culture.

But the executive board of Unesco clearly intends to make the UK sweat it out by formally raising the question of British observers only at the end of the current meeting in two weeks time.

Britain followed the US at the beginning of tbis year by withdrawing from the agency, but like the US has requested observer status.

The issue of the presence of US observers virtually dominated the executive hoard meeting this time last year with the board finally agreeing to the US request. The board is expected to grant Britain similar status, especially since e precedent has now been set. However, diplomats and Unesco officials suggest that some members of the board will clearly seek to make matters difficult for the UK.

Other important issues which will be raised at tbe executive hoard meeting are Unesco's financial problems. The departure of the US and the UK has deprived the agency nf about 30 per cent of its budget contributions. The largest contributor is now Japan, accounting for 10.7 per cent of the 1985-86 budget, but it has also binted strongly that it might consider giving notice of withdrawal if reforms are not undertaken.

The reduction of further Unesco staff is also expected tn be raised at the maeting as a way of offsetting budgetary shortfalls. The Soviet Union has campaigned for the removal of all US and British staff at Unesco following the departure of the two countries from the agency. It felled to swsy Unesco's general assemhly last autumn on the matter hnt is expected to raise the issue again at the bosrd meeting.

For his part, Mr Amadou M'Bow, Unesco's controveraial director general, said this week that US or Britisb citizens working for Unesco ahould not be penalised as long as tbey worked loyally for the agency since they were not responsible for their countries' withdrawal

He added, however, that if a choice had to be made for a staff job between a national from a member state and one from a non-member country, priority would be given to the former.

Mr M'Bow said he wanted Unesco to continue working with the US and the UK. In any case, he claimed that "the US had gone out of the door and has come back through the window."

The subject of Mr M'Bow's eventual succession is not on the official agenda, but the issue is bound to be discussed in the sidelines. Mr M'Bow's second six-year term ends in November 1987, and EEC countries are understood to have already decided to try to block any bid for a third term.

Mr M'Bow has been criticised by many western nations for mismanaging Unesco and supporting programmes with an anti-western bias. It was this that finally lad to the withdrawal of the US and subsequently of the UK. Singapore has also left the agency.

Haughey: bouncing back

Haughey's party leads in poll

By Hugh Carnegy in Dublin

FIANNA FAIL, the Irish opposition party led hy Mr Chsrles Haughey, is bouncing back from a winter slump and could win an outright majority in the next general election, according to an opinion poll published yesterday.

Tbe Fine Gael and Labonr coalition pariners bave recovered alightly from a low point in February, however, and the Market Research Bureau of Ireland poll also found majority support for the Government's move to tnd the constitutional ban on divorce.

The poll publisbed in the Irisb Times, gave Fianna Fail 48 per cent support up from 42 per cent two months ago. That is probably just enough to aecure a parliamentary majority, the first time Fianna Fail has recorded such support since before the Anglo-Irish agreement waa signed last November and the defaction nf several leading members to form a new party.

Finae Gael, led by Dr Garret FitzGerald, the Prime Minister, recovered three points to 26 per cent and Labour was np nne point to 5 per cent. The Progressive Democrals, founded in December hy Mr Desmond O'Maltey, a Fianna Fail defector, slipped back from a remarkable 25 per cent in February to 17 per cent, jeopardising speculation that a Fine Gael-PD alliance could keep Mr Haughey from returning to power

The Government was encouraged by the finding that 57 per cent of the electorate intend voting to remove the constitutional ban on divorce in a referendum due at the end of June.

Boost for high definition TV

BY RAYMOND SNODDY

THE EUROPEAN Broadcasting Union (EBU) has given qualified support for a Japanese/US programme production standard for high definition television, the satellite-delivered television of the future, offeriog sharper, wider pictures.

The decision, taken hy the EBU's technical committee, is an important boost for the Japanese and US in advance of the plenary session of the International Radio Consultative Committee (CCIR) meeting in Dubrovnik, Yugoslavia later this month.

Before tbe CCIR will be a Japanese proposition that a 1125 line standord using 60 Hertz (cycles a second) should be adopted as the single world standard for production of programmes.

The EBU technical committee, which groups Europe's professional broadcasting organisations, did reserve the right to change its mind, however, once more was known about how the high definition picture could octually be transmitted.

"Until more is known about the precise nature of the means of broadcasting HDTV in Europe, it is not possible to assess fully the technical, economic or operational consequences which may result from a firm commitment to a production standard at this stage," the EBU said.

Leading European nations such as the UK, France, West Germany and the Netherlands have decided to oppose the immediate adoption of the Japanese standard at the CCIR meeting.

They fear that agreeing to a Japanese atandard for the production of programmes will feed through into transmission and reception standarda and place the European consumer electronics industry at a serious disadvantage.

At the EBU meeting, 15 spoke in favoor of the 1125-line Japanese prodqction standard and only France abstained. The meeting decided that technical solutions could be found to the problems tbe use of a 60 Hz standard as opposed to 50 Hz wbich Europe and 75 per cent of the world uses.

Battle hots np over HDTV, Page 29

France returns Pretoria envoy

BY DAVID HOUSEGO IN PARIS

FRANCE is to put its relations with South Africa back on a more normal footing with the return to Pretoria over tbe next few days of the French embassador, the French foreign ministry confirmed yesterday.

At the same time Mr P. W. Botha, tha South African President is likely soon to pay a visit to France of which the official purpose will be to unveil a new monument to South African dead in the First World War. But Mr Botba clearly hopes to use the occasion to improve relations with the new right-wing government of Mr Jacques Chirac.

The return of Mr Pierre Boyer, the French ambassador, to his post comes after a nine-month absence. His recall was ona of a number nf measures decided by Mr Laurent Fabius, the Socialist Prime Minister, last July, in protest at the apartheid regime.

WESTERN EUROPEAN UNION

Europe applies the brake on veteran defence vehicle

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

"OUR ORGANISATION is like a good veteran car that hasn't been on the road for 15 years. It ran some good rallies in its time and could again. But today, as you try to re-start it, the battery is flat. When you push it, it moves—but not far enough."

Thus Mr Alfred Cahen, who next month celebrates a year as the Western European Union's secretary-general, answered criticisms that the revived organisation has already run out of steam. The WEU's seven members—Britain, France, West Germany, Italy and the Benelux countries—decided in 1984 to reactivate their 30-year-old organisation as a forum in which to co-ordinate European defence and security policies. But there have been strong signs over the past few months that enthusiasm for the enterprise is waning, evident against as foreign and defence ministers met last week in Venice for their third session in 18 months.

Mr Cahen, who has a five-year term as secretary general, acknowledges this as he continues his analogy by declaring that his vehicle's engine is at the moment only intermittently spluttering into life. "But I hope to have it turning over nicely, ready to roar away, before my term is up," he says.

The WEU's revival was born out of the crisis surrounding deployment of new US missiles in Europe when ministers felt the European voice was not being heard fully. In the past year, such a voice seems to have been felt less necessary.

Charges that the WEU has failed to live up to its ministers' promises were expressed last week in Venice by Mr Jean-Marie Caro, French president of the organisation's (indirectly elected) parliamentary assembly. He told the ministers in private session that MPs had hoped for a much more positive stance on the key security issues of the day, with a much higher public profile.

In particular, Mr Caro wanted ministers to agree to co-ordinate their policies on terrorism within the WEU, even suggesting that the seven nations might form a joint anti-terrorist force. Not surprisingly, the ministers turned that idea down as unrealistic, but they answered the general point by declaring that the European Community's foreign and interior ministers were already co-ordinating anti-terrorist policies, so WEU action was not needed.

The record of the WEU on other important issues has also come under fire. The rationale for re-activation in 1984 was that the organisation, which links its members in treaty arrangements from the early 1950s, was the only European body capable of discussing defence matters, since such discussion is forbidden within the EEC by Irish neutrality and the opposition of both Greece and Denmark.

But the working group of senior officials appointed by WEU ministers has failed notably to produce a WEU view on European participation in the controversial US Star Wars programme. On the contrary, the UK, West Germany and Italy have negotiated their own bilateral agreements with Washington.

Though they have long been cautious about the issue, the ministers have now apparently actually decided that the WEU is not the body to co-ordinate activities on armaments co-operation, which is left to the Nato-affiliated Independent European Programme Group (IEPG).

Neither is the WEU apparently sufficiently confident of itself to decide whether it wants to accept new members. Despite a two-year-old request for membership from Portugal and interest expressed by Spain, Turkey and Norway, the question of enlargement was not mentioned in the Venice communique.

Mr Cahen's answer to such criticism is that it is unrealistic to expect significant achievements yet from the WEU which is only in the process of being reformed from a body originally set up to help ease Germany and Italy back into the Western alliance after the traumas of the Second World War.

He argues that the WEU's three special agencies, which have now been re-formed and partly re-staffed to cover arms control, general security and armaments co-operation measures, can produce much useful background work on such issues as technology transfer, (between Europe and Japan and Europe and the US, as much as between Europe and the Warsaw Pact), management of defence resources and the implications for Europe of ballistic missile defences.

In time and with the growth of trust, important areas for policy co-ordination will emerge, Mr Cahen thinks. He points out, for example, that the relative failure so far on Star Wars may not be important provided that, when it comes to the much more controversial political questions of deployment of ballistic missile defences, the WEU states prove to be of the same mind.

But Mr Cahen, who was much respected as political director at the Belgian Foreign Office before he came to the WEU, recognises the sensitivities inherent in re-activation. He notes, for example, what he calls the "intermittence of the European reflex." There are only certain times when European governments actually want to flex their muscles, which in turn is a phenomenon linked to the most sensitive question of all, the relationship of the seven—all effectively members of Nato—to the US.

The desire not to offend Washington—as well as to maintain its alleged special relationship—has certainly been one of the reasons for Britain's cautious attitude to WEU re-activation.

The WEU's re-activation was born outo fthe crisis surrounding the delpoyment of the new US cruise and Pershing missiles in Europe where ministers felt that Europe's voice was not being heard fully.

In the past year it seems that such a voice has been felt less necessary especially, as Sir Geoffrey Howe, the British Foreign Secretary pointed out in Venice, European co-operation on other levels—within the Community and in the IEPG in particular—has been more successful than anticipated.

There are other, less important factors explaining the relative lack of enthusiasm for the WEU today. France under a fully Socialist administration was a prime mover in its reactivation. After this spring's elections the new ministers seem less keen. WEU ministers as a whole, also have fewer illusions about the ability of the parliamentary assembly itself to generate public debate on defence issues.

But if all that helps to explain why reactivation of the WEU appears to be losing momentum it does not suggest that Mr Cahen will get a great deal of help as he tries to put his spluttering vehicle firmly on the road.

Two German states sign cultural and sport accord

BY LESLIE COLITT IN EAST BERLIN

EAST AND West Germany yesterday concluded a wide-ranging cultural, scientific and sports accord which was held up for 13 years because of East German claims on art treasures in the West.

The agreement provides for East and West German theatres to perform in each other's countries along with orchestras and other cultural groups.

But it will affect the largest number of Germans by enabling friendly competitions to take place between local football clubs and other sports groups.

When negotiations began in 1973 East Germany insisted on recovering art works which had been in its part of Berlin before the Second World War and were taken for safekeeping to the West where they remain. East Germany also refused to include West Berlin in the agreement which led to the talks being suspended for eight years.

They resumed when East Germany agreed to exclude the problem of the art treasures. In recent months both East and West Berlin have swapped statues and other works of art as a preliminary to their celebration of Berlin's 750th anniversary next year. West Berlin has been included in the accord by a special clause.

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Warsaw to restrict TV reception

By Christopher Bobinski in Warsaw

POLAND HAS introduced the compulsory registration of dish television aerials, which enable satellite broadcasts to be received. It is impossible to gauge accurately how many dish aerials are in private hands but the number is unlikely to exceed 1,000.

The authorities, however, are moving to try to control their spread as Western television companies such as the European Satellite Television Broadcasting Corporation are planning to start programmes visible in Warsaw.

Officials maintain that the regulation is designed to control location of aerials in advance of the introduction of Polish satellite television in the early 1990s. Most recently, the Finnish Salora company held an exhibition in Warsaw of satellite television equipment aimed at possible sales or co-operation in production with Polish industry.

● Poland's Interior Minister, General Czeslaw Kiszczak, has told a Communist party meeting that his security service between 1981 and 1986 has broken up 1,600 illegal groups and uncovered 1,200 distribution points for opposition literature, as well as confiscated 700 items of printing equipment.

David White in Madrid reports on a youthful national institution

Spanish daily celebrates its first 10 years

IT LOOKS like News International's "fortress" at Wapping in London all over again.

From the outside, the editorial headquarters and photocomposition centre of El Pais, out in the eastern backwoods of Madrid, has an oddly military aspect: heavily guarded, with chicken-wire on the fence, a metal detector at the entrance. The difference is that the defences are not against union organisers but at their request, following a 1978 parcel bomb when the newspaper was in its infancy. The attack, in which one employee died, is now part of the El Pais legend.

El Pais, which completed its first decade last Sunday, has long since become a Spanish institution. In his third floor office, editor Juan Luis Cebrian has half-a-dozen journalism prize plaques on a table. "And I keep the ugly ones in here," he says, opening a door into another room lined with trophies.

These are just his own awards—the newspaper's are on display at a birthday exhibition in the crystal palace in Madrid's Retiro Park.

At 41, Mr Cebrian, who wears monogrammed shirts and drives in a bullet-proof car, is still young for the editor of a major European newspaper, but he already has 10 years behind him in the job.

Starting six month after Gen Franco's death, the newspaper has accompanied Spain through its democratic transition, fervently defending its new constitutional system in moments of crisis. In a country of low newspaper readship—popular dailies have been pushed out by television and by gossip weeklies—El Pais has not only become the biggest-circulation daily, with an average sale last year of 340,000 on weekdays and 600,000 on Sundays, but it also enjoys an influence and prestige leagues ahead of its rivals.

This has its advantages—among them, safe profits — but also its drawbacks. It has drawn the fire of the rest of the press, which since the arrival of the Socialists in power three and a half years ago often label it "the government organ." The accusation is fiercely rejected by the newspaper, which has had a series of quarrels with Socialist ministers and which Mr Cebrian insists is "liberal-progressive" and not party-oriented.

"This has not been sufficiently understood by our rivals," he says.

Status also puts a weight of responsibility on El Pais's shoulders that Mr Cebrian would rather do without. He would rather it was just another (but professional) newspaper. Vestiges of the "self-censorship" of the late Franco years have surfaced here as in the rest of the Spanish press, for instance, in reporting about the armed forces after the coup attempt in 1981.

Alarmed by a sense of the power the newspaper wields, journalists may tend to suppress or play down certain items.

In the most explosive of recent issues, the Nato referendum held in March, El Pais avoided taking sides. Senior editorial staff, Mr Cebrian admits, were mostly against being in the alliance.

"But I did not think a leading newspaper in a country which has just joined the EEC could come out for a 'no' to Nato." The newspaper did not like the referendum, but did show preoccupation about the political consequences if the Government lost. "And that in some measure helped it to win."

Against this inhibiting awareness of the newspaper's role, "we have fought to liberate ourselves from the respectability others have conferred on us." It is, Mr Cebrian says, the most irrelevant of Spanish newspapers, including against it own foibles. It runs a parody on itself in its Sunday magazine section.

In other respects, he confesses to having copied extensively from foreign examples. El Pais took its approach to news writing from the New York Times and British manuals, the use of its columns as an intellectual forum from Le Monde, its layout from the West German press, and a few other ideas, such as its "economy and labour" section, from Italy's La Repubblica.

Mr Cebrian regrets the weakness of the competition, which is bad for his own journalists and which has led rivals to resort to petty attacks on El Pais. "Very old-fashioned," says Mr Cebrian, who likes to see El Pais as a modernising influence on the press as a whole. It is the only newspaper in Spain to organise a journalism prize from which it excludes its own writers—"to stimulate the others."

El Pais runs five editions, printing in Madrid and Barcelona, seven days a week. It also publishes a weekly international edition with a print-run of 24,000-25,000, selling mainly in the US and Latin America.

The original idea was to seek state aid for the venture, but El Pais went ahead without it. Mr Cebrian says he wanted the newspaper to act as a kind of standard-bearer for modern Spain. Ten years on, El Pais has not yet lost its sense of mission.

SPAIN'S RULING socialist party is more worried about voters staying away from the polls in the General Election on June 22 than about losing votes to other parties, Mr Alfonso Guerra, the Deputy Prime Minister and chief Socialist campaign co-ordinator, said yesterday, writes David White

The last General Election in 1982 brought the highest participation rate—almost 80 per cent—of the three parliamentary contests which Spain has had since the end of the Franco dictatorship. However, abstention in this year's election is expected to increase because the odds appear to be so heavily in favour of another Socialist win.

Mr Guerra said that the party would have to work its campaigning timetable around the fixture dates of the World Cup in Mexico, in order to avoid clashes.

The Socialists have set a provisional campaign budget of Pta 1.75bn (£8.2m) and are planning "several thousand" meetings. Although the party will not have its programme ready until the second half of this month, Mr Guerra said it would seek to be "constructive" and not to rest on its laurels after four years of government.

Mr Felipe Gonzalez, the Prime Minister, would restrict his participation in the campaign to weekends, so as not to interfere with the running of the Government, he said.

TOKYO SUMMIT

Baker ebullient as proposals for co-ordination win backing

BY PHILIP STEPHENS IN TOKYO

MR JAMES BAKER, the US Treasury Secretary, was in ebullient form as he saw his proposals for tighter economic policy co-ordination between industrial nations adopted at this week's Tokyo summit.

The architect of the sea-change in US policy signalled by last September's Plaza accord, Mr Baker was the moving force behind the summit pledge to strengthen co-operation.

It was his paper which provided the basis for the seven's call for much broader joint monitoring of national economic policies and the re-affirmation of their willingness to intervene in currency markets.

In fact, the US Administration did not get all it was looking for and there was some private scoffing among other delegations at Mr Baker's comment that the agreement marked the most significant step since the breakdown of Bretton Woods in 1973.

Mr Nigel Lawson, Britain's Chancellor, insisted that a reference to the need to move to a system of "predictable exchange rates" be struck out of the final communique. West German and Japanese officials left the meeting saying that the decision to establish and monitor a whole range of economic performance indicators implied no automatic obligation on governments to change tack.

But the comments of senior US officials that the industrial countries are now moving inexorably towards a system of managed exchange rates were hard to deny, as was their insistence that governments had now accepted much wider international responsibilities.

A key passage in the communique gives the highest political backing to a commitment that finance ministers and central bankers will make their "best efforts" to agree remedial action when policies diverge.

The details of the improved surveillance have not been fully worked out. The International Monetary Fund will not report until September on how indicators for such things as growth, inflation, the money supply, trade balances and budget deficits can be melded to form an international framework for national policymakers.

But, as one finance minister at the summit commented, what the seven have agreed is to "attempt in a far more systematic way to force countries to keep their policies on an agreed path."

The US interest in such an accord is clear. The decision by Mr Baker last year to abandon the economic isolationism preached by his predecessor, Mr Donald Regan, reflected the fierce protectionist pressures in the US Congress as the US current deficit headed towards \$100bn (£66.6bn).

Now the US Treasury Secretary wants other industrial nations, particularly surplus countries like Japan and West Germany, to bear more of the burden of adjustment. In essence, US action to tackle its budget deficit should be mirrored by greater efforts elsewhere to take the lead in sustaining and quickening economic growth.

The US call for symmetry is in no sense a revolutionary idea. Arguments over the relative role of strong and weak countries in rectifying imbalances in the world economy have raged since the establishment of Bretton Woods.

Mr Baker's point is that even after the 40 per cent depreciation of the dollar since last September the US will be left with a huge structural trade deficit and Japan and West Germany with large surpluses unless the relative growth rates of the three economies change.

Under a more formal system of international economic policy management, perhaps linked to loose targets for exchange rates, pressure on the US's partners would be intensified.

That in turn goes a long way to explain the reluctance of the Bonn and Tokyo governments to give more than the most general commitment to such a revamped system.

The West German Government has not forgotten the experience of the 1978 Bonn summit when it reluctantly agreed to take on a "locomotive" role in the world economy just before the second oil shock.

Memories of the subsequent resurgence of inflation and fears that US policy could once again change abruptly if Mr Baker were to leave the Treasury will be hard to counter.

For his part, however, Mr Baker seems determined to leave his mark as the man who restructured the international monetary system. Now the momentum has started it may be hard to stop and the US Treasury Secretary is already promising new proposals for September's annual IMF meeting.

Harmony vindicates the Reagan philosophy

Ronald Reagan

'Mr Reagan came to Tokyo demanding action, not words, against terrorism... What he got was words that suggested action.'

BY REGINALD DALE, US EDITOR, IN TOKYO

PRESIDENT Ronald Reagan flies back to Washington today, after 13 days on the road, convinced that his policies have been vindicated by one of the most harmonious Western summits on record. After the initial shock wave generated by last month's US air raid on Libya, Mr Reagan and his officials now believe the Western alliance to be in remarkably good shape, both economically and politically.

Even French President Francois Mitterrand, who three years ago threatened to boycott, as a waste of time, the summit hosted by Mr Reagan in Williamsburg, said the Tokyo summit was the most relaxed of the six that he has attended.

Mr James Baker, the US Treasury Secretary, spoke of the remarkable smoothness of the discussions and said the seven countries' approach to the issue had been nowhere near as "adversarial" as in the past.

Mr Baker attributed this phenomenon both to the extremely favourable national economic background, thanks to the fall in oil prices, interest rates, inflation and the dollar and to the widespread acceptance of Mr Reagan's growth oriented, free market philosophy since he first expounded it to his colleagues at the Ottawa summit of 1981.

France, perennially suspicious of summits as a potential vehicle for US hegemony, can usually be counted on for a flamboyant display of brinkmanship on a point of Gallic principle. This time Mr Mitterrand, restrained by the presence at his side of Mr Jacques Chirac, his right wing Prime Minister, produced no such fireworks.

Mr Mitterrand did not want a public row either with Mr Chirac or with Mr Reagan. On the contrary, he made a point of patching up his quarrel with the US over France's refusal to provide its air space in support of the Libyan raid. West German Chancellor Helmut Kohl was, above all, interested in following up the Chernobyl nuclear accident with moves to ensure that adequate information is provided on such incidents in future.

Mrs Margaret Thatcher, the British Prime Minister, starred in Tokyo both as the advocate of the toughest anti-terrorist statement and, along with the Japanese security forces, as the most abrasive sparring partner of the aggressive White House press corps. She clearly remains Mr Reagan's favourite ally.

US officials say that Mrs Thatcher now has a "blank cheque" with the Reagan Administration following her lonely backing for the Libyan air strike. Some Europeans in Tokyo said that they detected the special relationship at work as British officials, who are usually quite Community-minded at EEC meetings, switched sides to "connive" with the Americans at the summit.

Mr Reagan came to Tokyo demanding action not words against terrorism, and specifically against Libya, as his overriding political priority. What he got was words that suggested action.

He did not win public backing for economic sanctions against Libya, although Mr George Shultz, the US State Secretary, hinted that there was more support for them in private. He did not get, and US officials maintain that he did not ask for, endorsement of future military strikes.

Mr Shultz interpreted the terrorism statement as allowing the US to take unilateral action, if necessary, in future, but said that the US would prefer to act in concert with its partners. The essence of the balance struck was that the US's allies, by agreeing to tougher diplomatic and political measures, hoped to head off new American military adventures: the Americans hope that the allied measures would reduce the need for further strikes

Many Europeans now realise that they might have been able to head off the first American strike on Libya if they had acted more promptly. The US still feels that European inaction forced its hand. The main point, however, was that Washington now believes that the Europeans are really beginning to see things its way, even if victory in the war on terrorism remains a long way off.

The agreement defused the main political issue that could have marred allied unity at the summit. As it ended, the feeling in the corridors of Tokyo's two vast summit hotels was that the allied display of unity could come quickly undone again if Mr Reagan launches another military strike.

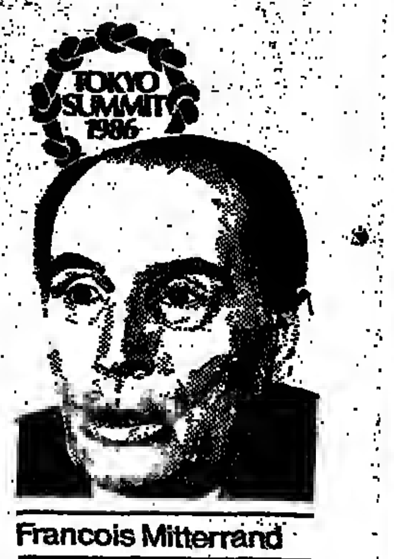
US and France politely renew their 'old friendship'

BY REGINALD DALE IN TOKYO

THE US and France yesterday politely made up their differences over France's denial of its air space to American bombers conducting last month's air raid on Libya—a refusal that caused outrage in the US.

After a 45 minute meeting with President Ronald Reagan, President Francois Mitterrand said that the two countries had put the incident behind them—a few "accidents" had never affected the fundamental 200-year-old Franco-American friendship.

France, while ever vigilant of its sovereignty, did not want a crisis in relations with the US, Mr Mitterrand said. He accepted that the French refusal of overflight permission, which forced the American aircraft to make a long and risky detour via the Straits of Gibraltar, had shocked American public opinion.



Francois Mitterrand

'France, while ever vigilant of its sovereignty, did not want a crisis in relations with the US, Mr Mitterrand said.'

Mr Reagan told Mr Mitterrand diplomatically that every marriage had its disagreements, but the marriage still survived. "Let this be the first day of the rest of our lives," he added.

Mr Reagan went out of his way to express his appreciation for French help in the fight against terrorism on other fronts and both men agreed that it was important to isolate Colonel Muammer Gadaffi, the Libyan leader, without alienating the Libyan people. Mr Mitterrand told Mr Reagan that the US would find France at its side "on what we hold dear," including the anti-terrorist struggle.

Mr Mitterrand told a news conference that the Tokyo summit's statement outlining joint steps against terrorism, released on Monday, was a "good declaration" of very great firmness.

Mr Mitterrand described the summit, which ended here yesterday, as easily the most relaxed of the six that he had attended. He insisted that the strange arrangement, under which France was represented by a Socialist president and a right-wing prime minister, had worked perfectly smoothly.

With Mr Jacques Chirac sitting silently to his left at the head of a phalanx of Government officials, Mr Mitterrand said that France had only one voice. It was natural that two patriotic French citizens, proud of representing a great country, would serve their country's interests.

It was the normal rule that the French President be accompanied by Government representatives at the summit, Mr Mitterrand said. If one of the representatives was, for the first time, the Prime Minister, and that added weight to the French delegation, so much the better for France.

Communique sets out the need for policy continuity

THIS is a partial text of the economic communique agreed by the seven Tokyo summit nations:

The world economy still faces a number of difficult challenges, which could impair sustainability of growth. Among these are high unemployment, large domestic and external imbalances, uncertainty about the future behaviour of exchange rates, persistent protectionist pressures, continuing difficulties of many developing countries and severe debt problems for some, and uncertainty about medium-term prospects for the levels of energy prices.

If large imbalances and other distortions are allowed to persist for too long, they will present an increasing threat to the world economic growth and to the open multilateral trading system.

We cannot afford to relax our efforts. In formulating our policies, we need to look to the medium and longer term and to have regard to the inter-related and structural character of current problems.

We stress the need to implement effective structural adjustment policies in all countries across the whole range of economic activities to promote growth, employment and the integration of domestic economies into the world economy.

In each of our own countries, it remains essential to maintain a firm control of public spending within an appropriate medium-term framework of fiscal and monetary policies. In some of our countries there continue to be excessive fiscal deficits which the governments concerned are resolved progressively to reduce.

Since our last meeting we have had some success in the creation of new jobs to meet additions to the labour force, but unemployment remains excessively high in many of our countries . . .

It is important that there should be close and continuous co-ordination of economic policy among the seven summit countries . . .

To this end, the heads of state or governments:

- Agree to form a new Group of Seven Finance Ministers, including Italy and Canada, which will work together more closely and more frequently in the periods between the annual summit meetings.
- Request the seven finance ministers to review their individual economic objectives and forecasts collectively at least once a year, using the indicators specified below, with a particular view to examining their mutual compatibility.

With the representatives of the European Community:

- State that the purposes of improved co-ordination should explicitly include promoting non-inflationary economic growth, strengthening market-oriented incentives for employment and productive investment, opening the international trading and investment system and fostering greater stability and predictability in currency exchange rates.
- Reaffirm the undertaking made at the 1982 Versailles summit to co-operate with the International Monetary Fund in strengthening multilateral surveillance, particularly among the countries whose currencies constitute the Special Drawing Right, and request that, in conducting such surveillance and in conjunction with the managing director of the IMF, their individual economic forecasts should be reviewed,
- Invite the finance ministers and central bankers in conducting multilateral surveillance to make their best efforts to reach an understanding on appropriate remedial measures whenever there are significant deviations from an intended course; and recommended that remedial efforts focus first and foremost on underlying policy fundamentals, while reaffirming the 1983 Williamsburg commitment to intervene in exchange markets when to do so would be helpful.

The heads of state or government:

- request the Group of Five Finance Ministers to include Canada and Italy in their meetings whenever the management or improvement of the International monetary system and related economic policy measures are to be discussed and dealt with.
- Invite finance ministers to report progress at the next economic summit meeting.

These improvements in co-ordination should be accompanied by similar efforts within the Group of Ten.

The pursuit of these policies by the industrialised countries will help the developing countries in so far as it strengthens the world economy, creates conditions for lower interest rates, generates the possibility of increased financial flows to the developing countries, promotes transfer of technology and improves access to the markets of the industrialised countries.

At the same time, developing countries, particularly debtor countries, can fit themselves to play a fuller part in the world economy by adopting effective structural adjustment policies, coupled with measures to mobilise domestic savings, to encourage the repatriation of capital, to improve the environment for foreign investment and to promote more open trading policies.

We reaffirm the continued importance of the case-by-case approach to international debt problems.

A number of African countries continue to need emergency aid, and we stand ready to assist. . .

We reaffirm our commitment to halting and reversing protectionism and to reducing and dismantling trade restrictions. We support the strengthening and functioning of the General Agreement on Tariffs and Trade, its adaptation to new developments in world trade and to the international economic environment, and the bringing of new issues under international discipline. . .

We note with concern that a situation of global structural surplus now exists for some important agricultural products,

Bearing in mind that the recent oil price decline owes much to the co-operative energy policies which we have pursued during the past decade, we recognise the need for continuity of policies for achieving long-term energy market stability and security of supply. . .

OTHER OVERSEAS NEWS

Shultz arrives in Seoul as political violence increases

BY STEVEN B. BUTLER IN SEOUL

MR GEORGE SHULTZ, the US Secretary of State, arrives for high-level talks in Seoul today against a background of rising anti-government and anti-American violence in South Korea.

Mr Shultz's visit is part of a broad US effort to brief Asian allies on the results of the Tokyo summit, but he is also expected to discuss South Korea's domestic political troubles when he meets government officials and opposition leaders.

The US State Department on Monday condemned an outburst of student violence at the weekend that disrupted an opposition rally to promote democratic reform of the constitution. The escalation of violence was dramatised again yesterday when a policeman died from head injuries sustained during a student demonstration at Korea University in Seoul last Saturday.

This was the first death directly attributable to campus fighting, although one student died on Saturday after setting himself on fire. Another student is in critical condition from self-inflicted burns.

US officials have become concerned over an increasingly strident tone of anti-Americanism that has emerged in campus demonstrations. Attacks on "US imperialism" have gradually become more prominent than attacks on the Korean Government and fears have been expressed that students will demonstrate against Mr Shultz's visit.

Students have only recently begun to broach a formerly taboo subject and campus radicals now call for a withdrawal of US forces in Korea. Students blame the US for what they say is a lack of democracy in Korea and they say the presence of US troops in Korea prevents a reunification of the Korean peninsula.

Since August of last year, the US has made repeated public comments on Korea's domestic political affairs, often criticising harsh government measures against the opposition. The comments have upset the Korean Government and there has been increased friction between the two governments as a result.

Mr Shultz's public statements will be watched keenly by both the Government and the Opposition for hints of how strongly the US backs the government of President Chun Doo-Hwan. Mr Shultz, nonetheless, is expected to reaffirm a strong US security commitment to Korea.

Mr Shultz will proceed to Manila tomorrow.

Gandhi forces alimony issue

BY K. K. SHARMA IN NEW DELHI

INDIA'S Prime Minister, Mr Rajiv Gandhi, yesterday forced his first controversial legislation through the Lok Sabha, the Lower House of Parliament, by using a whip to his ruling Congress-I Party, many members of which had made it plain that they would otherwise have opposed it.

The bill, which disallows alimony to Moslem women divorced by their husbands, was passed after a 14-hour emotional debate that ended at 3 am yesterday after many members from the Opposition noisily walked out in protest. Outside, members of women's rights organisations chained themselves together to prevent police from taking them into custody while they shouted slogans against the "black bill."

The bill's critics accused Mr Gandhi of succumbing to pressure from Moslem conservatives and fundamentalists for the purpose of gaining political support from the largest minority community in India. The legislation has been so controversial that one Minister of State, Mr Arif Mohammed Khan, resigned from the cabinet when it was introduced to parliament last February.

The bill seeks to reverse a supreme court judgment which ruled that indigent Moslem women could claim maintenance (alimony) under Indian criminal law from their former husbands. Moslems claim this violates their personal law and the bill now passed shifts the onus of maintenance for the divorced women to her relations or, if they cannot provide it, to state Moslem religious boards.

Savimbi ends talks with Botha

By Anthony Robinson in Johannesburg

AFTER two days of talks in Cape Town with President P. W. Botha and other top South African politicians, Dr Jonas Savimbi, leader of the rebel Angolan Liberation Movement (Unita), returned to his southern Angola base yesterday assured that the South African Government has not changed its demand for the removal of Cuban forces from Angola.

Two months ago President Botha set August 1 as a target date for the start of implementation of UN resolution 435 on the independence of Namibia, provided Angola agreed to withdraw Cuban troops from its territory. According to Dr Savimbi, his talks with South African leaders have convinced him that this means no material change in South African policy towards Angola.

Dr Savimbi, who flew to Cape Town after 15 days in the Angolan bush with Unita troops, told a press conference that the expected attack by combined Angolan government forces, Cubans and other Soviet bloc personnel, had been delayed by "serious human and logistical problems."

Sudan assembly split

SUDAN'S newly-elected assembly broke up in confusion yesterday for the second time in only 10 days with southern parties staging a walkout, highlighting again the political and religious split between north and south, John Murray Brown writes from Khartoum. The session had convened to vote in a Prime Minister and a new 15-man sovereign body to take over power from Gen Swareddahab's military council.

John Elliott reports from Dhaka on today's parliamentary election

Ershad fine tunes Bangladesh poll

THE MAIN issue of political debate in Bangladesh where a general election takes place today is not who will win the polls but how much ballot rigging and violence will take place in order to ensure a substantial victory for the New Jatiya (National) Party which backs Lt General Hussein Mohammed Ershad, the country's military ruler for the past four years.

President Ershad is officially above the polls which are the first stage of a gradual return to a form of parliamentary democracy. But his picture appears on every Jatiya Party poster and he has toured the country extensively delivering speeches which have made little attempt to disguise his support for local Jatiya candidates.

'The party is Ershad's passport to political survival if all goes well for him today. He is expected to stand as a presidential candidate in elections at the end of this year, after which martial law will be ended, he says.'

The party is his passport to political survival if all goes well for him today. He is expected to stand as a presidential candidate in elections at the end of this year, after which martial law would be ended, he says.

But first he has to continue to out-manoeuvre the country's political parties. This means he must win sufficient seats for the Jatiya Party today, with the expected ballot rigging, so that he can carry through constitutional changes. But the ballot rigging must not be so extensive that opposition parties mount major demonstrations and try to oust him from power, inspired by the recent fall of President Ferdinand Marcos in the Philippines.

Bangladesh has had an unsettled political history since it broke away from Pakistan in 1971, and has had various forms of military dictatorship. Senior army officers claim that they have a right to a continuing role in the running of the country.

He took over in a bloodless coup in 1982 and has operated a moderate form of military dictatorship which has brought relative stability to the country. But his regime is now widely criticised for becoming corrupt and inefficient while poverty has worsened.

More than 85 per cent of the 103m population, which is growing at a dangerously high rate of 2.6 per cent a year, are below the poverty line and only 33 per cent of the adults are literate.

The economy is heavily dependent on foreign aid which accounts for over 40 per cent of total government resources, 50 per cent of investment, and 55 per cent of import payments, this means that agencies such as the World Bank and International Monetary Fund try to have a major say in economic policies, but progress is hampered by poor and often corrupt administration. Businessmen complain that President Ershad's early interest in boosting the private sector and industrial efficiency has faded as he turned his attention to rural administrative reforms and Personal image building rural tours. He and his wife are also widely accused of receiving illegal payments on major contracts.

Today's elections are for 300 of 330 seats in the country's national assembly—the final 30 are seats for women chosen by the elected 300. A simple 51 per cent majority with 151 seats won today (giving the right to appoint the 30) is sufficient to govern, but a two-thirds majority (190 seats won today plus 30 appointed) is needed to push through constitutional reforms President Ershad will want, first to indemnify him and his regime for martial law operations of the past four years and then, possibly, to give the army a continuing role.

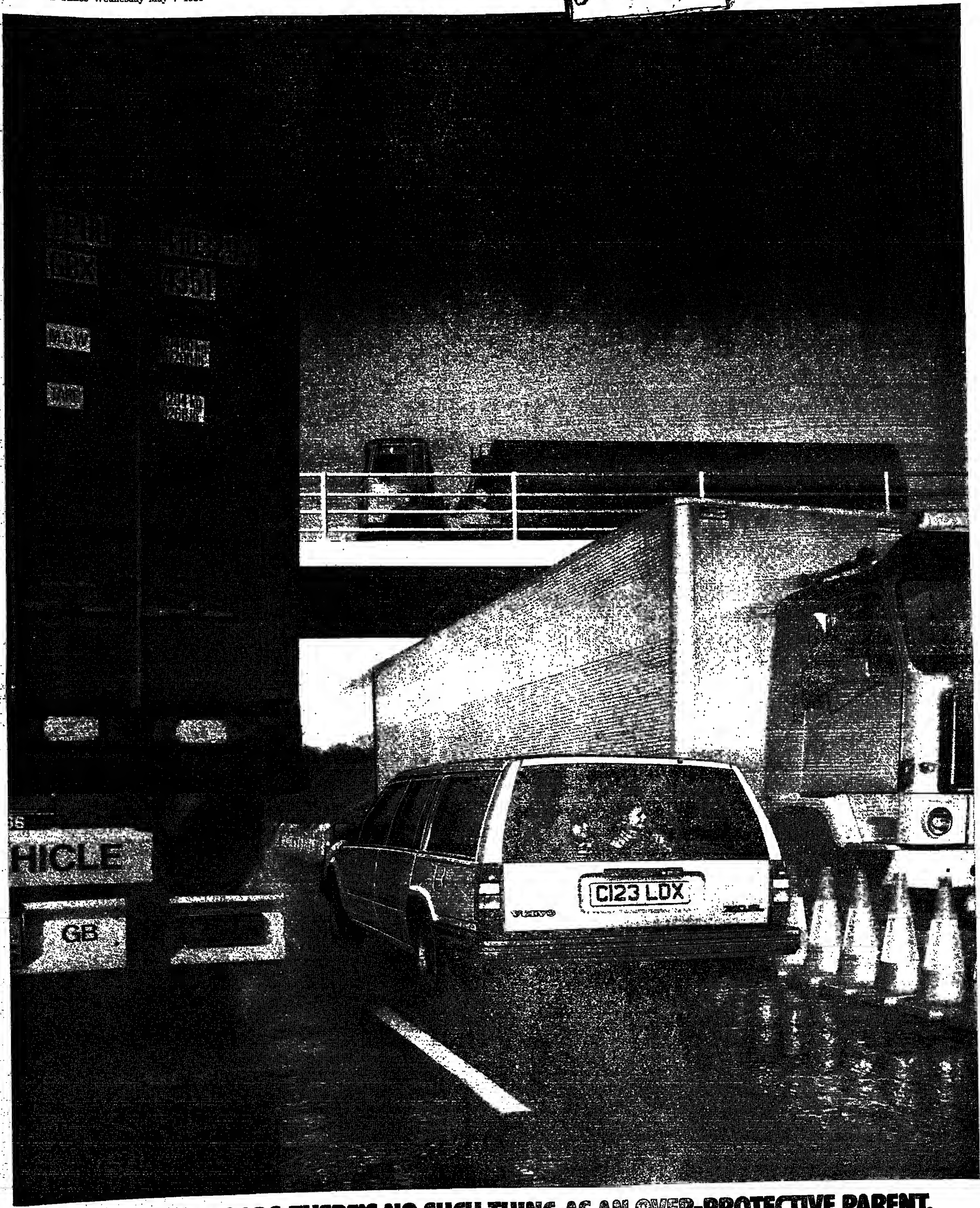
The army should "not have a political role," says President Ershad, which he says means it should not be in parliament nor the cabinet. But it should be a "partner in progress and part of the nation's thought process." This could involve a new national security council sitting between the elected cabinet and the president, maybe with the army also holding rural development-linked posts which would enable it to guard key parts of the country's infrastructure.

President Ershad's main opponents are led by a widow and a daughter of two former Presidents of Bangladesh who were both assassinated in coups. One is Sheikh Hasina Wazed daughter of Sheikh Mujibur Rahaman who was killed in 1975. Her Awami League's eight-party alliance is taking part in the polls and is believed possibly to have an understanding with the Ershad regime about the number of seats it will be allowed to win. It firmly denies any such arrangement.

The other is Begum Khaleda Zia, widow of Zia ur Rahaman who was killed in 1981. Her Bangladesh Nationalist Party heads a seven-party alliance and is boycotting the polls. She has been detained in her Dhaka house by police for the past two days, officially for her own safety, and riot police have broken up her meetings.

There are no economic, social or other issues in the election apart from whether or not the Ershad army-based regime should continue in power but the Awami League might try to steer policies away from the private sector and towards rural development if it managed to secure a significant voice.

There have been widespread outbreaks of violence, small bomb explosions and some killings mainly aimed at disrupting the campaign and persuading people not to vote today. The election otherwise does not seem to have excited much interest, possibly because everyone assumes they know what the result will be.



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Senate tries to finalise tax bill

By Stewart Fleming in Washington

THE Senate Finance Committoe yesterday began to pul tho finishing touches to a Bill proposing a radical reform of the US tax code. As the key votea on the plan began to be taken doubts remained bowever about whether Mr Robert Packwood, Finance Committee cbairman, could muster enough support to get the packaged approved.

An early sign which tho iBll's supportera said indicated that a majority of the committee would rally around the plan came whon members voted to block an amendment proposed by Sonalor Daniel Moynihan and weut on to back Senator Packwood's proposal to repeal the federal tax deduction currently allowed against stato and local taxes.

Commenting on the prospects for the Bill, Sen Packwood said be thought it possible tbat tho Bill could be completed today.

The Bill the committee ia considering would almost balve the top personal tax rate from 50 per cent to 27 per cent and reduce the corporato tax rate from 46 per cent to 33 per cent. The tax reductions would bo paid for hy sweeping away a broad range of tax allowances for business and individuals, notably the investment tax credit which business receives and the state and local tax deductions for individuals.

Even if the Bill doos clear the Senate Finance Committee its future continues to be uncertain. It must then be approved by tbe full Senate before a conference committee of the Senate and House could sit down and try and bammer out compromises botween what, from today's standpoint, would probably be very different tax reform proposals.

Israel joins US SDI programme

Israel yesterday joined Britain and West Germany as the tbird US ally to lake part in the American Star Wara anti-missile defence programme, Reuter reports from Washington.

A Memorandum of Understanding between Tel Aviv and Washington was signed at the Pentagon by visiting Israeli Defence Minister Yitzhak Rabin and US Defence Secretary Caspar Weinberger.

Terry Dodsworth in New York explains why 1986 car sales have yet to fulfil expectations

US motor industry keeps pundits on tenterhooks

THE US car market nver the last few weeks bas run a topsy-turvey course, giving an impression of achizophrenic uncertainty ovor prospects for growth this year.

After a satisfactory couple of months in January and February, salea skidded in Marcb, and they bave been even more skittish since then. By the end of the first qnartor, delivories were off by almost 16 per cent —with importera lifting their stake from 23 per cent to 27 per cent.

This spluttering slart to 1986 partly reflects the uncertain mood of the US economy in general, eaught between bopes of an upsurge in growth and continuing ovidenco of sluggisb demand.

Virtually no-one is expecting the molor industry to surge ahead of last year's rocord figures for total vehicle salea. Bul if the demand-led expanaion which Wall Street has been forecasting is to take place, car sales need to stay at last year's levels. The latest estimales of the Federal Reserve Bank in Cleveland suggeat tho molor aeclor accounted for 5 per cent of US GNP last year, and about the same proportion of employment.

The gap between current performance and expeclations was amply demonstraled in the first quarter earnings reports of the big throo US vehicle producers.

Sales nf domestically prodnced US cars in April were 12.8 per cent higber than in March and were running at a seasonally adjusted annual rate of 7.9m.

However, the April figures were 9.2 per cent lower tban a year agn and continne to be affected by large imports of foreign built cars.

Sales of imported cars rose 26.8 per cent in April compared to a year ago boosting the market share of imported models from 20.1 per cent to 25.9 per cent.

General Motors' April car sales fell 5.5 per cent to 411,067, compared to a year ago. Ford's sales fell 7.9 per cent lo 176,291 and Chrysler's sales fell 10.1 per cent to 101,270.

US CAR SALES

	Jan.-March 1986	Jan.-March 1985
American Motors	19,900	31,479
Chrysler	249,462	302,854
Ford	463,768	521,939
General Motors	1,083,820	1,124,603
Others	81,676	61,114
Domestic total	1,898,626	2,041,989
Imports	704,432	602,167
Industry total	2,603,058	2,644,156

Source: Company Figures

All of them experienced a squeeze on profits, and found it barder to sell their products than at the same time last year. However, each came out with optimistic forecasts for their sales over the balance of the year.

"Operating reaults continue to he strong,' 'said Mr Donald Petorsen, chairman of Ford. "Salea in North America have continued to requiro production at or near capacity."

Wall Street tends to agree with this corporate industry view, a fact that is reflected in the present valuation of molor industry slocks, not far below their 12-month highs. The early year volatility of the market is seen largely as a response to the audden changes in tbe incentive programmes being run by the US manufacturers. The bullish factors for the industry, say analysts, break down as follows:

First, tbe framework for an improvement in consumer spending has been set by the rapid fall in interest rates this year. This should eventually put more disposable income into the hands of the average American. Many, for example, are refinancing their fixed rate mortgages at much lower rates —and the decline will also make cheaper term financing for cars available.

Second, consumers should be helped by cheaper fuel. Since the collapse in world oil prices began late last year, petrol prices have dropped dramatically in the US, reacbiog an averago of well under $1 a gallon for unleaded regular against around $1.25 a gallon. This shift in prices should bo another factor putting more spending power in the pockets of the averago American, and is expected to encourage the use of cars, spilling over into demand for new vehicles.

Third, a range of new products is expected to stimulato market interest later in the year, reinforcing the trend towards moro economical and belter handling vebicles.

If the industry has so much going for it this year, some are askiug, why do manufacturers need to maintain their expensive promolional campaigns, first launched in the doldrums of last summer? The short answer is that the industry is currently producing too many vehicles. Sales may eventually pick up later in the year, but supply is at present outrunning demand because the economic stimulants to growth have not yet worked through intn the showrooms.

The main problem, according to Wall Street, lies in the production schedules of General Motors, the largest nf the Detroit manufacturers. Demand for GM's prodncts ran out of steam in the middle of last year, probably because its model line-up began to look outdated alongside the competition.

New models being inlroduced by GM over tho next three years or so will give the group a much more exciting range, but in the meantime it is caught between cutting production and churning out more incentives. While GM has already done a little of the former, it is believed to be reluctant to trim its workforce much more because new labour contracts mako it expensive to lay off workers. Hence most of the company's attention is being concentrated on incentives.

"GM will lead the way in trying new incentives," says Mr Scott Merlis, of Morgan Stanley, the New York investment bank. "It will keep turning on the faucets until it finds the right level to stimulate demand."

Mr Ronald Glantz, an analyst at Montgomery Securities in California, says he believes that total US vehicle market will continue to run at an annual rate of between 14.5m to 15m units for the next four months or so.

Sales should then pick up, he contends, and the year will end with total deliveries of around 15.2m units, about 450,000 fewer than last year.

The manufacturers appear to be shooting for a little bit more than the analysts, an optimism that Wall Street puts down to traditional motor industry hype. But no one is dismissing the industry's figures. After all, it was right last year in what looked like extremely inflated targets in the summer.

Electrical surge 'led to failure of rocket'

THE NASA panel investigating the cause of Saturday's Delta rocket accident said yesterday that two powerful surges of electricity had drained power from the battery and choked off the rocket's fuel supply, Nancy Dunne reports from Washington.

Unable to determine the cause of the electrical surges, Nasa has also grounded its Atlas-Centaur rocket, leaving the US at least for now without any means of orbiting heavy military and commercial satellites.

The mysterious electrical surges started [illegible] seconds into flight with the first lasting six or eight milliseconds and the second about 14 or 15 milliseconds. Investigators said that faulty wiring or improper engine construction could have caused the malfunction.

Mr Lawrence Ross, head of the investigation board, seemed to rule out sabotage through the use of a radio signal. The theory, he said, "is not a serious contender" as a cause of the accident.

Aids test move

The US government has broken off talks with the Pasteur Institute in Paris in a patent dispute over an Aids (acquired immune deficiency syndrome) detection test and has proposed the patent be held by an international trust, according to a statement released by the institute, Reuter reports from New York.

Peruvian arrests

Peruvian police arrested 448 people, including 38 women and 15 children, in a swoop following the guerrilla assassination of a rear admiral, Reuter reports from Lima.

The arrests included at least 30 guerrilla suspects under investigation for links to the Maoist Sendero Luminoso (Shining Path) slaying of Rear Admiral Carlos Ponce Canessa.

Marcos art sale bar

A court has barred 22 art and jewellery dealers in New York City from selling art treasures and jewels which may once have been the property of ousted Philippine President Ferdinand Marcos or his wife Imelda, Reuter reports from New York.

Stroessner dashes reform hopes

BY ROBERT GRAHAM

GENERAL Alfredo Stroessner, the ageing Paraguayan dictator, has dasbed hopes of an early dialogue with npposition parties by doaling toughly with a recent wave of protest.

Gen Stroessner has come under increasing US pressure to open up tho Paraguayan political system and prepare for a democratic transfer of power. Taking comfort from the first signs of a shift in US policy away from passive support for the dictator, the opposition parties have encouraged a series of street protesls and called for a national dialogue.

Gen Stroessner has been in power since May 4 1954 when he seized control from President Federico Chaves. Since then Paraguay has been under a formal state of siege for all but a brief moment in April 1959.

Until recently Gen Stroessner had run this small landlocked country of 3.2m drawing only limited international criticism. However, tho trend away from military governments in Lalin America and the recent overthrow of the Duvalier regime in Haiti and the Marcos regime in the Philippines bas thrown the spotlight on Paraguay.

Within the past six months the US has changed ambassadors and the new envoy, Mr Clyde Taylor, has been given a clear brief to encourage a national dialogue between the ruling Colorado Party and the banned political parties plus the Catholic Church.

The US Government is now anxious to be seen pressuring right wing dictatorships in order to justify its policy of pressure on the Marxist orientated government in Nicaragua.

The first evidence of political unrest emerged in March and since then this has acquired a momentum not just confined to the capital, Asuncion. Gen Stroessner's security forces have reacted violently, brutally breaking up demonstrations. On one occasion a West German diplomat was briefly detained.

Further force was used last week when demonstrators protested against celebrations for the dictator's 32nd anniversary in power. The government also stood by while para-military pro-Stroessner groups attacked and damaged a leading local radio statinn.

The opposition is grouped round four main parties in a broad platform, the National Accord. There have been unconfirmed reports of the National Accord trying to persuade the West German Government to offer a safe exile to Gen Stroessner, whose father was German. A proposed visit to Germany last year was cancelled however because of political opposition.

Jamaica rejects IMF proposals

BY CANUTE JAMES IN KINGSTON

JAMAICA'S often uncomfortable relations with the International Monetary Fund (IMF) have taken a new turn with the government's rejection of recommondations from the Fund, the World Bank and the US Agency for International Development for continued economic austerity.

Mr Edward Seaga, the Prime Minister and Finance Minister, said his administration had prepared "a coolingency plan" to counter Insistence from these agencies that their recommendations be implemented.

Mr Seaga said the country's period of adjustment and decline was past and he forecast growth of 5.5 per cent this year, "the strongest growth in 21 years."

Mr Seaga had invited the three institutions to have "a frosh look" at tbe Jamaican economy, and to suggest policies to stimulate growth.

Opening the parliamentary debale on the government's Jamaican $5.8bn ($1.05bn) budget, Mr Seagra said recommendations for more of the same were not in keeping "with the direction in which we must now move the economy after suffering many yeara of essential but painful adjustment through devaluations, redundancies, cost cutting and nther measures."

The Jamaican dollar has been devalued by 70 per cent against the US dollar over the past two-and-a-balf years, and the government has been reducing the size of the civil service.

This readjustment of the economy bas been supported hy credits from the IMF and loans from the World Bank. Jamaica is currently making drawdowns from a $118m credit package from the Fund, and a $90m adjustment loan from the World Bank.

"We have prepared a contingency programme in the event that there is any insistence by the institutions to return at this time to further devalnations, budget cuts, reduction of services, redundancies and no growth," Mr Seaga said.

The programme includes increased investments, increased divestment of state owned economic interprises, reduced interest rates, a stable exchange rate and reduced prices.

The Jamaican economy declined by 3.7 per cent in 1985, the Prime Minister said, mainly the results nf programmes to deflate the economy.

Reagan urges Saudi deal

The Reagan Administration yesterday urged Congress to approve a $354m arms sale to Saudi Arabia to help protect what it called vital US interests in the Gulf, Router reports from Tokyo.

In a statement issued in Tokyo, where President Reagan was attending the summit of leading industrial democracies, White House spokesman Mr Larry Speakes said the Saudis had "consistently worked behind the scenes" to prevent terrorism.

The salo of sophisticated air and sea missiles faces strong opposition this week in Congress, which forced President Reagan to withdraw a proposed weapons sale to Jordan earlier this year.

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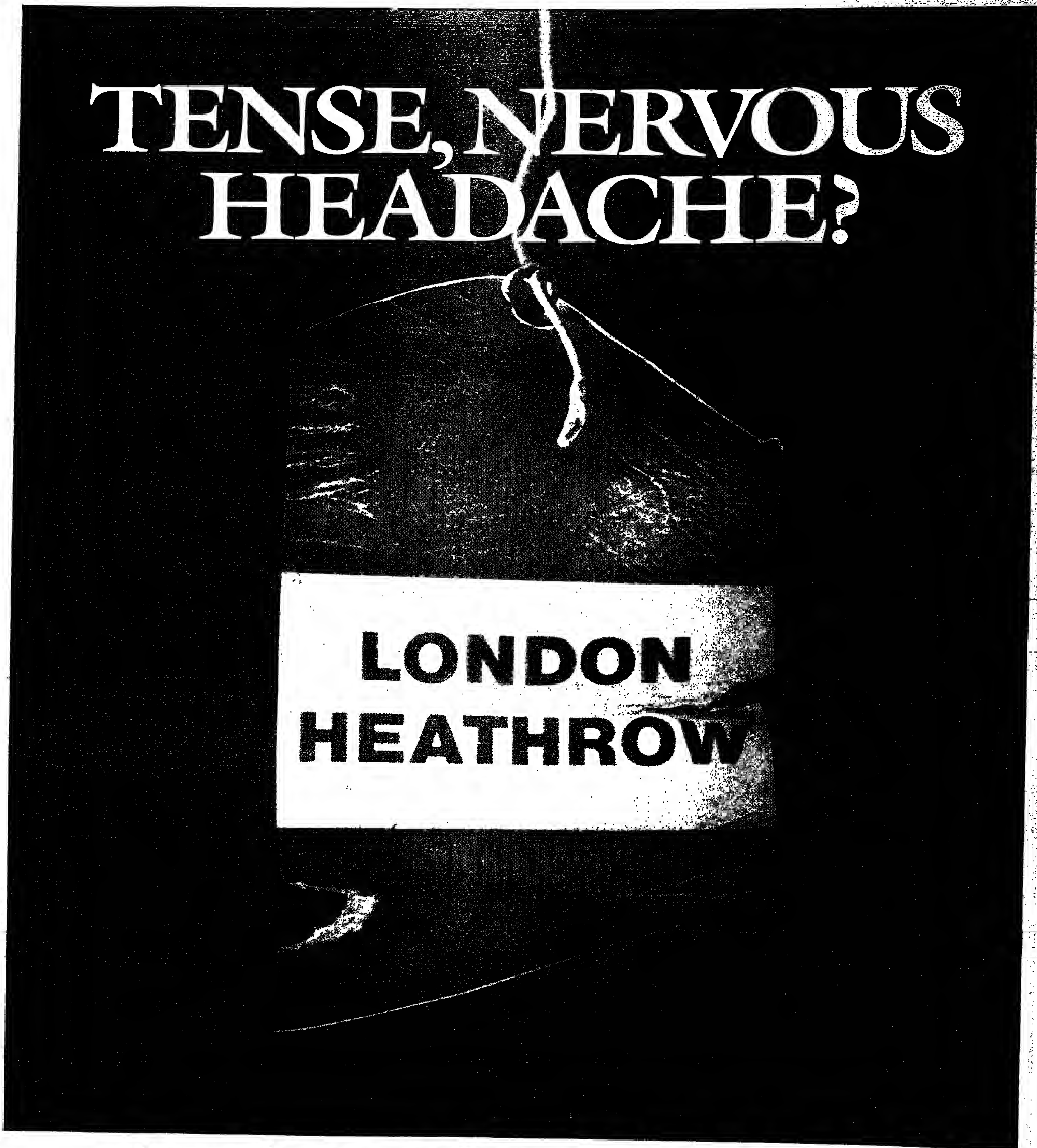

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WORLD TRADE NEWS

Japanese hint at breakthrough on imports of whisky

BY CARLA RAPOPORT IN TOKYO

BRITAIN'S exports of scotch whisky to Japan may receive a boost early next year when a general tax reform package is expected to be approved by the Japanese Diet.

At talks between Japan's Prime Minister Yasuhiro Nakasone and Britain's Premier Mrs Margaret Thatcher in Tokyo yesterday, Mr Nakasone indicated that such a tax reform package would ease the current restrictive taxes on imported whisky.

The difference between EEC duty on whisky imports and Japanese duty is 537 per cent. Imported whisky has a market share in Japan of around 6 to 7 per cent.

At a press conference earlier in the day, Mrs Thatcher declared: "It really will be terrible if whisky is not sold in the Japanese market.

"It is an extremely good product. There is not another in the world like it. Many people want it and it would be a wanton act of protectionism to make it more difficult to sell in the Japanese market."

In her talks with Mr Nakasone, Mrs Thatcher stressed the specific case of whisky, charging that the current tax structure was unfair. Mr Nakasone apparently accepted this point, although no firm undertakings were given by the Japanese Prime Minister.

Premier Yasuhiro Nakasone

Japan has been reluctant to liberalise the taxes and import duty on foreign whisky for fear of angering the powerful domestic spirits industry.

Other subjects touched on by the British and Japanese premiers included economics and trade. On the question of the appreciation of the yen, Mrs Thatcher cautioned Mr Nakasone against giving subsidies to exporters. Mr Nakasone said no such subsidies were taking place.

Tokyo chip pledge to EEC

BY CARLA RAPOPORT

JAPAN is keen to settle the semiconductor trade dispute with the US, but not at the expense of European countries. Following talks with Mr Michio Watanabe, Minister for International Trade and Industry (Miti), Mr Willy De Clerq, EC Commissioner, said that Japan is not interested in a cartel or market-sharing agreement with the US on semiconductors.

The US-Japan talks on semiconductors are focused on raising prices of certain Japanese chips in the US and improving US chipmakers' sales to Japan. Those talks, which began about eight months ago, broke off last March.

"I underlined clearly that Europe cannot accept market disruption shifted from the US to the EEC," said Mr De Clerq.

Further, he said that improved access to the Japanese markets should be granted on a multilateral, not only bilateral, basis. Mr Watanabe, for his part, assured Mr De Clerq that he wanted to solve the problem, but not to the detriment of third countries. It is understood that the US-Japan semiconductor talks will start again by the end of this month.

Cuba needs £340m new loans

BY MARGARITA ZIMMERMAN IN HAVANA

CUBA urgently needs an equivalent of £340m in new hard currency loans if it is to meet obligations contracted in 1983-1985 without seriously damaging its earnings capacity, the Banco Nacional de Cuba says.

The need, underlined in the national bank's recent presentation to Western creditor banks meeting in Havana, is emphasised by Western diplomats who feel the country is slipping into a worsening economic crisis.

This is reflected, they say, in the fact that the demand for funds now amounts to a third of Cuba's hard-currency revenues and is reflected in Cuba's three-month suspension of payments on its £2.7bn of foreign debt.

The report says that the loans requested in large part stem from the country's losses from petroleum re-exports, which last year, accounted for 42 per cent of hard currency revenues.

Sugar exports, another prime earner, will fall from a planned 2m tonnes to 1.5m. This will be aggravated by the 8 per cent depreciation of the US dollar.

The recent rise in the price of sugar to 8 cents from 4 cents a pound will have little benefit for Cuba, most of whose sugar is sold forward.

Cuba's sugar trade position is complicated by the fact that the US dollar is the base currency for the sugar trade, and Cuba also is required to buy sugar on the spot market to meet its export commitments to Eastern Europe.

Cuba's own sugar output has fallen below target, requiring offshore purchases at the new, higher prices.

The dilemma was noted by President Fidel Castro recently when he said that if Cuba traded with the US, the cheaper dollar would favour it, but that because of its isolated position from the US, it suffers when the dollar is high and also when it declines.

Cuba's imports from market economy countries have been cut in recent years to 60-65 per cent of its needs and further reductions would bite into the production of new export lines and reduce the people's present modest level of consumption, the report states.

Western diplomats add that these factors would have serious social and political implications, given Cuba's excessive dependency on the centralised economies of Eastern Europe. Some 86 per cent of all Cuba's trade is tied up with Comecon.

The remaining 14 per cent of trade, which it undertakes with the West, includes technology equipment and expertise without which Cuba will remain bound to the Comecon bloc.

Despite Cuba's debt problems, the bank report avoids any suggestion of the "can't pay, won't pay" theme that has figured in Third World debt talks. It stresses the responsibility with which Cuba has thus far fulfilled its international obligations.

However, the Paris Club talks were cautiously criticised for failing to provide a collective position by Western creditors to help Cuba out of its problems.

Among the Cuban proposals are a call for a 12-year rescheduling of Cuba's debt with a six-year grace period for payments due in 1986-87 on debt first renegotiated in 1982.

Creditor-nation representatives said that the talks were "very tough" and that the group will report to participating Governments by mid-May.

Thai loans refinanced by Japanese

By Boonsong K'Thane in Bangkok

THE Thai Government yesterday signed an agreement with 24 Japanese financial institutions to borrow Y58bn ($345m) to repay more expensive foreign loans.

Leaders of the syndication, one of the biggest refinancing loans ever made by Thailand, are the Bank of Tokyo, Industrial Bank of Japan, Dai-Ichi Kangyo Bank, Mitsubishi Trust and Banking Corp and Mitsui Bank.

The loan comes in two parts: the Y32,700m portion, which carries a 10-year repayment term with two-year grace period and interest based on Japanese long-term prime rate, and the Y25,300m amount, which has 15-year repayment term with two-year grace period and interest based on Japanese long-term prime rate.

The ministry said the cost of the loan was equal to 6.2-6.8 per cent annually, as compared to 7.1-9.2 per cent interest charged under the loans the country made earlier, resulting in an annual saving of 760m baht ($29.2m) in interest payments.

Havana plans to buy sugar worth $120m

CUBA plans to buy about $120m worth of sugar on the world market this year for re-export to the Soviet Union in exchange for oil, after purchasing $115m worth for the same purpose last year, Reuter reports from Havana.

Although Cuba is the world's largest sugar exporter, the preferential price which Moscow pays for its sugar and the concessionary price at which Moscow sells its oil in return combine to make the operation highly profitable.

The profit margins will be thinner this year than last year because sugar prices have jumped from an average of 4 cents per pound in 1985 to more than 8 cents at present.

The Cuban central bank's recently published balance of payments estimates for 1986 are based on average income from oil exports of only $108 per tonne, down from $198 last year.

Despite the poor harvest, Cuba's income from sugar exports to the West is projected to rise this year to $254m

Ariane wins Japanese space contract

By David Marsh in Paris

EUROPE has taken a stake in the Japanese market for space launches with the award of a contract to the French-led Ariane rocket to place in orbit two Japanese telecommunications satellites in 1988.

The order, announced yesterday, gives Arianespace, the company commercialising Ariane flights, a conspicuous success in competition with the US over satellite launches.

Arianespace has been mounting additional efforts this year to win launch contracts for 1987/88 to capitalise on the problems of the accident-prone US space programme.

However, the string of spectacular US space failures – in which the latest incident was Saturday's destruction of an unmanned Delta rocket – has also raised problems for Arianespace by increasing nervousness about commercial space prospects and pushing up launch insurance premiums.

Under yesterday's contract, the new Ariane-IV rocket will launch two Japanese Space Communications Corporation satellites.

EEC falters in bid to end barriers to trade

By Paul Cheeseright in Brussels

THE EUROPEAN Community programme to eliminate all internal barriers to trade by 1992 is faltering as a backlog of legislation piles up at official level.

"There is some slippage, I admit," acknowledged Mr Willem van Eekelen, the Dutch State Secretary for Foreign Affairs and President of the Community's Internal Market Council which met yesterday in Brussels.

The Council of Ministers has before it no less than 132 proposals for measures leading to market liberalisation. Most of these are not ripe for decision and are held up in discussions at working-group level or among the permanent representatives of the Twelve in Brussels.

Lord Cockfield, the commissioner in charge of the internal market, gave a report to the ministers on progress towards meeting the 1992 target set out in a White Paper from the Commission last June and broadly endorsed later by EEC leaders.

The Commission programme for this year envisages decisions on 35 measures left over from last year, plus 71 new measures. Of this total of 106, 85 draft pieces of legislation are in the hands of the Council.

But the Commission itself has lagged behind in drafting proposals. It managed only 28 out of 48 it promised for last year. This year it hopes to mop up the 1985 commitment and present 50 new ones.

Lord Cockfield has been complaining of staff shortages and more national experts have been drafted in to help the Commission on an ad hoc basis.

Mr van Eekelen hopes that agriculture ministers will now turn their attention to food law and veterinary control measures now that they have fixed farm prices for the coming season. But Finance Minister await a report, which will not be available before June, before looking at a series of tax measures.

Despite commitments to meet the targets, trade ministers yesterday managed to take only one decision and that related to the abolition of postal charges on parcels held by customs authorities.

EXPO 86

Canadians can boast—and have fun

BY BERNARD SIMON IN VANCOUVER

A CANADIAN cabinet minister suggested the other day that the Expo 86 fair will give his normally placid countrymen an opportunity to do two uncharacteristic things — boast about their country, and have fun.

As Expo opened in Vancouver last week, it was clear that Canadians mean to take that to heart. The C$1.6bn (£800m) fair, spread over two waterfront sites in what is one of the world's most spectacular cities, when it is not raining, not only shows Canada at its best but also provides an entertaining and occasionally informative outing.

The organisers have already sold more than 15m tickets, considerably more than originally expected. about one-third of the visitors are expected to come from the US and abroad. More than 50 international exhibitors, ranging from General Motors to the Ivory Coast, have taken pavilions.

But Expo 86 is mostly a showcase for Canada and for its achievements in transport and communications, the two themes of the fair. Canada's red-and-white maple leaf flag, and examples of its satellite technology, trans-continental railways, aircraft and urban transit systems are much in evidence.

Canadian participants had the advantage of being able to build their own pavilions instead of using the box-shaped modules allocated to most foreign governments and companies.

Even from the outside, the US, Russian and British pavilions compare poorly with the model iceberg which houses the North-West Territories exhibit or Saskatchewan's glass-sided grain silo.

The difference is equally apparent inside. The two superpowers have made an unfortunate choice of exhibits. A Soviet official was noticeably irritated last weekend as one visitor after another passed comments on the model of Kiev which covers one wall of the Soviet pavilion. The US exhibit features the troubled space shuttle.

The area housing most Western European pavilions is among the quietest on the False Creek site. An uninspiring display of British vehicles cannot compete for attention with a colourful outdoors "international traffic jam" which includes a lavishly decorated Pakistani bus, a vintage beer lorry and a three-wheeled motorised rickshaw.

Likewise, a sedate French "people mover" is less of a crowd pleaser than the scream machine rollercoaster on the opposite side of the Expo site.

Among foreign exhibitors, the Czechs have maintained their reputation for providing some of the best entertainment. Besides a good restaurant, their pavilion includes a whimsical, animated cartoon on the evolution of transport.

The Czech exhibition specialists have also set up some ingenious contraptions suspended from the ceiling of a converted locomotive shed.

Exhibitors rely, perhaps too heavily, on the medium of the cinema to get their message across.

The eye-rubbing and mind-numbing techniques include 3-D images at the Canadian pavilion, a 360 degree of circle-vision screen at Teleglobe Canada, Ontario's 70mm, 3-D "digital sound film spectacular," a 27m-diameter hemispheric screen at the fair's geodesic dome, countless slide presentations, and the Futures Theatre's "inter-active audio-visual experience," in which a computer analyses spectators' confidence in the future.

Among the most impressive shows are two sponsored by Canadian Pacific, the transport and industrial conglomerate. Rainbow Wars, nominated for an Academy Award last year, is a fast-moving science fiction fairytale showing how transport and communications have fanned war and contributed to peace.

A second show in the CP pavilion demonstrates that what is progress for the heavy truck driver (such as high-speed freeways) may not suit the leisurely Sunday afternoon motorist.

The visitor is surrounded by the hallmarks of North America. Canadian nationalists were offended when Expo organisers gave McDonald's, the US hamburger chain, five franchises on the site.

Queues for some attractions are long and likely to grow longer when the summer holidays start.

But except for a dismal neglect of French, Canada's second official language, the ambience of Expo is unmistakably Canadian—courteous, clean, efficient and balanced.

The organisers have allowed one exhibitor to poke gentle fun at their theme with a Corridor of Anonymous Investors. A swimming machine, a stretcher-like contraption with pedals and a propeller, and a sail-driven train are among reminders of the many failures which litter the path of progress.

Hopefully, in all departments.

It's not that Owen Owen's 21 department stores aren't profitable or well run.

It's just that for some years now they've lacked some of the investment necessary to improve their performance.

Since our agreed takeover in November 1985, however, things have begun to change.

We're backing the management's ambitious plans with money, experience and enthusiasm.

The first results of which will be seen in selected stores throughout Britain later this year.

What we're actually doing is giving the stores a major facelift and developing their policy of becoming a retailer of famous brands.

IN WHICH DEPARTMENT ARE WE IMPROVING THE PERFORMANCE OF OWEN OWEN?

We're also making them more fun, more exciting and, in turn, more profitable.

Since Owen Owen are in prime locations like Bath, Southampton and Basingstoke, we believe the potential is enormous.

And we're confident of lifting sales per square foot to better levels in every department.

At Halfords, Payless DIY and Zodiac Toy Shops we're also implementing equally ambitious plans.

All of which should start coming to fruition during the next twelve months.

So in all our departments, as well as Owen Owen's, we're confident that our performance will improve even further.

Indeed, you could say our lift's definitely going up.

WARD WHITE

UK NEWS

North Sea spending '£20bn in decade'

By Mark Meredith

EXPENDITURE in the UK sector of the North Sea will total about £20bn over the oext decade even if the oil price remains at $15 a barrel, according to a report issued by the Scottish Development Agency.

Dr George Mathewson, chief executive of the SDA, told the offshore technology conference in Houston, Texas, that if the oil price averaged $21 in real terms, expeoditure would be about £34bn during the same 10 years.

The SDA bas produced a computerised model of offshore expenditure in the North Sea as part of its effort to promote key sectors of the industry. The fall in the oil price, however, has led to the cancellation or postponement of offshore exploration and development.

Redundancies and company failures are widely expected to follow. The Aberdeen area of Scotland, with some 40,000 oil-related jobs, may bear much of the brunt of the cuts.

Dr Mathewson told the conference that, although time had been the critical factor in the development of the North Sea, costs would now become the main consideration.

"Regardless of the current price difficulties, the world's offshore oil and gas resources will be developed sooner or later. When they are, it will be the companies that have built up commercially acceptable product and service lines that will be successful. The emphasis on technology as a means of reducing costs has been strengthened by the recent price weakness," be said.

● Gerhard Industries Texas announced yesterday that its Aberdeen subsidiary Gerbard Geodata Services was to manage the group's worldwide operations in specialised drilling services. The Scottish subsidiary will look after measurement-while-drilling contracts.

Seddon intensifies truck challenge

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SEDDON ATKINSON, the Oldham-based heavy-truck producer, today takes an important step towards a return to profitability with the introduction of a radically altered range of 16-tonne vehicles.

The company, which is owned by Enasa, the state-owned Spanish group, expects to take UK market share away from importers such as Mercedes, Volvo and Daf, and to increase its penetration of the 16-tonne sector from 5 per cent to 10 per ceot within two years.

In the sbort term, Seddoo's objective is to lift 16-tonner deliveries from about 500 last year to 800 in 1986. That would take its total deliveries from 1,688 last year to 1,816 in 1986. It aims to go above 2,000 in 1987.

A key element in Seddon's strategy is that it is now able to offer engines in its 16-tonne trucks to match growing market demand for diesels with higher horsepower.

It is fitting the new six-cylinder Perkins Phaser diesels and is the first vehicle manufacturer to take the new engines, launched earlier this year. One of the Perkins diesels will be of 180hp, well above the 160hp Seddon has previously offered in 16-tonne trucks.

The deal is an important breakthrough for Perkins, part of the Navistar International (formerly International Harvester) group, because its US rival, Cummins, is about to begin UK production of a competitor for the Phaser.

The Cummins B-series engines will be used by two of Seddon's British rivals, ERF and Leyland, whose Freighter, in four versions, is the best-selling 16-tonne range in the UK.

Enasa, the Pegaso truck and bus group, bought Seddon in June 1984 after it had been up for sale for two years because its financially troubled former parent, Navistar, decided to pull out of the truck business in Europe.

The uncertainties about Seddon's future had a great impact on its performance, particularly because the competition in Britain's truck market is among the most severe in Europe. Mr Carl Levy, Seddon's chairman, said yesterday, however, that Enasa was sure Seddon was heading for a profit "before long".

Claim for rail strike damages

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TRADE UNIONS that take unlawful industrial action might face a flood of claims from people alleging they have been damaged by the action if a Sbeffield, South Yorkahire, company director wins his legal fight with two rail unions.

A judge at Sbeffield County Court will rule today on a damages claim by Mr Angus Falconer, a director of the Aurora group of companies, against the National Union of Railwaymeo and the Association of Locomotive Engineers and Firemen over a 24-hour rail strike called without a ballot in January last year.

Mr Falconer alleged that the unions unlawfully interfered with a contract of carriage between him and British Rail and with his business, by procuring breaches of employment contracts by BR employees that resulted in his being unable to travel on the scheduled train service of his choice.

He said he had two appointments in London on January 17 1985. Because of the strike, be had to spend two nights instead of one In London and his claim included damages for inconvenience and also £53 of the extra expense he incurred.

The unions denied preventing British Rail from fulfilling any contract with Mr Falconer. They also denied that he suffered any loss or damage, and contended that he had no cause of action against them as they had not intended to harm him.

Mr Patrick Elias, for the unions, said that although British Rail, the target of the strike, could sue over alleged breaches of contract of carriage, Mr Falconer, who had not been a target, could not.

Plessey in Trident contract

By Bridget Bloom

A CONTRACT worth £40m for the continued development and initial production of the sonar system for the Trident nuclear deterrent has been awarded by the Ministry of Defence (MoD) to Plessey.

The contract, which is for the highly classified, multifunctional Sonar 2054, brings the total of orders received by Plessey for the Trident project to £150m over the past year.

The award emphasises that spending on the £10.5bn Trident programme is beginning to rise markedly. The MoD is believed to be committed to Trident contracts worth some £2bn, although only about £500m has actually been spent. According to the House of Commons defence committee, spending this year will be £510m, rising to £720m next year and £900m in 1988-89.

Plessey, leading a group of British companies including GEC Sonics, Ferranti and STC, was awarded its first contract, worth £100m, for the "design, development and prodnction" of the Sonar 2054 in April last year.

ICI emphasises consumer marketing

BY TONY JACKSON, CHEMICALS CORRESPONDENT

ICI EXPECTS speciality cbemicals to account for two thirds of its sales by the end of the century, Mr Denys Henderson, cbairman elect, said yesterday. Speciality or "effect" chemicals, consisting of agrocbemicals, pharmaceuticals and other high-value-added products, presently make up just under half of group turnover, be said.

Mr Henderson, who will succeed Sir John Harvey-Jones as chairman in a year's time, told ICI paint customers at a meeting in Italy that the group would emphasise its consumer marketing skills throughout the organisation. Until his appointment to the main board, Mr Henderson was bead of ICI's paint division. Toe group's Dulux paint brands are almost the only products ICI sells directly to the public.

The company would depend less on bulk chemicals, Mr Henderson said. At present, those accounted for under a third of group sales. Other areas marked for expansion were health, food, homes and domestic products, clothing and transport. "Increasingly, there will be a demand for high-performance products, whether they are disease-resistant seeds for farmers or high-temperature-resistant polymers for use in the automotive industry," he said.

The speech is Mr Henderson's first main public statement since his election as chairman. Although the idea of ICI concentrating on its marketing rather than production strengths is a familiar theme since the recession, the emphasis on the consumer rather than the industrial customer is a new development.

BP may reshape strategy

By Dominic Lawson

BRITISH PETROLEUM, the UK's largest company, will radically reshape its investment strategy if oil prices remain around $15 a barrel for the rest of the decade, according to Sir Peter Walters, BP's chairman.

Sir Peter, in an interview with Director magazine, said the company would break with its traditional policy of looking at investments with a long lead time, such as North Sea oilfield development, and would look more at "acquisitions that will produce early income."

He said: "We might want to pusb our telecoms business, which is quite big; we might want to catch on to the consumer boom of higher discretionary gross domestic product."

BP's information-technology subsidiary, Scicon International, has an annual turnover of about £200m, of which about 15 per cent is in the communications business. However, in 1984, before the oil price collapse, BP sold its balf share in Mercury Communications, now wholly owned by Cable and Wireless.

Although Sir Peter signalled a possible change in BP's investment strategy, it seems that the company is not yet intent on diversifying into consumer-oriented areas such as mortgage lending or retail stores. At the company's annual meeting last week, Sir Peter insisted that the company would find more than adequate opportunities for growth within its established businesses.

BP's cash pile of about £2bn is itself larger than the stock-market valuations of all but about 20 of the biggest UK companies.

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UK NEWS

Reform proposed of independent TV franchises

BY RAYMOND SNODDY

THE INDEPENDENT Broadcasting Authority (IBA) is considering revolutionary plans that would give television companies rolling franchises to replace the present eight-year system.

The rolling franchises would be accompanied by the removal of many of the existing barriers preventing takeover of "viable" ITV franchises in mid-franchise.

The IBA, which regulates commercial broadcasting, caused controversy in February when it blocked the possibility of a takeover of the Granada Group by the Rank Organisation on the ground that it might alter "the nature and characteristics" of a viable ITV company – Granada Television.

Last year the IBA also blocked an agreed sale of Thames Television for £82.5m to Carlton Communications.

Under the new suggestions, takeovers would be much easier but public-service broadcasting obbgations would be rigorously enforced and individual companies might lose their franchises with less warning than at present.

The new ideas, it is believed, are being put forward by Lord Thomson, chairman of the IBA, who commented after the last franchise round in 1980: "There has got to be a better way."

Lord Thomson plans to discuss his "better way" with Mr Douglas Hurd, the Home Secretary, in the near future.

Such drastic changes would require legislation. Two years ago, when the concept of rolling franchises was first raised, the Home Office was bostile to the idea.

The 15 ITV regional franchises are due to be advertised at the end of next year for decision by 1989.

In a separate development, Mr John Whitney, director general of the IBA, appealed last night to the Government to think again about the special levy imposed on ITV profits.

Mr Whitney told the Royal Television Society that government plans to reduce the standard rate of levy from 66.7 per cent to 45 per cent was a welcome start. But growing competition from cable and satellite television increasingly called into question the existence of a levy at all. He also attacked the present plan to impose a 22.5 per cent levy on profits of programmes sold overseas.

There was, he said, no sense in an exporting country like Britain putting an export tax on one of its high-added-value products.

Official inquiry 'will seek lessons of prison disturbances'

BY KEVIN BROWN

AN OFFICIAL inquiry into last week's prison riots is to be conducted by Sir James Hennessy, the Chief Inspector of Prisons, the House of Commons was told yesterday.

Mr Douglas Hurd, the Home Secretary, said the inquiry would report on the handling of the disturbances by prison management "to see whether any general lessons need to be learned."

Mr Hurd said the form and scope of the inquiry would have to take account of police investigations into offences committed during incidents at 17 prisons.

The night of rioting followed a ban on overtime by the Prison Officers Association in pursuit of a claim for changes in manning levels.

Mr Hurd said it was a miracle that no one had been seriously injured during the riots. He said 13 of 50 escaped prisoners were still at large and the cost of putting right the damage was likely to run into millions of pounds.

Mr Hurd said the Government had greatly increased spending on the prison service and had "turned round" the neglect of the penal system, which had been one of the "unremarked scandals" of the 1974-79 Labour Government.

He insisted, however, that working practices in the prisons were far from satisfactory. Rapidly rising spending had not been matched by improvements in the regime for inmates, partly because of inefficiencies.

"Overtime has now reached the point where it constitutes on average 30 per cent of prison officers' earnings and, because overtime is voluntary, some officers are working in excess of 20-30 hours overtime a week," he said.

"That is not good for them or for management. It is not a situation we can prolong indefinitely."

Mr Hurd said the Government had to reassert proper control over expenditure in the prison service

The Home Secretary said be bad just received a report from a joint team of prison-service personnel and outside management consultants commissioned after discussions with the POA last year.

"The report justifies the stance of the Government as regards the inefficiency of existing systems and confirms that an opportunity exists, if new practices can be adopted, for improving dramatically the lot of both inmates and staff," he said.

BCal likely to lose London airport link

BY LYNTON McLAIN

BRITISH Caledonian (BCal) looks set to lose its fight to keep a helicopter link between the London airports of Gatwick and Heathrow.

Mr Nicholas Ridley, the Transport Secretary, told the House of Commons that he was "minded" to direct the Civil Aviation Authority (CAA) to revoke BCal's licence to run the is-minute link. Before a final ruling, he would hold talks with the CAA. Meanwhile, be ordered BCal not to resume the service.

Mr Ridley told MPs that the environmental disturbance was "no longer justified" with the availability of coach services between the two airports via the new M25 London orbital motorway.

Sir Adam Thomson, chairman of BCal, condemned Mr Ridley's statement. "We could be forgiven for believing that forthcoming local elections have been a force in swaying the decision towards the environmental lobby," be said.

"This is a black day for British aviation. It is surprising, disappointing and ironic that a ministry responsible for the promotion of aviation is actually curbing its potential."

BCal estimated that since 1978, when its Airlink service started, it had earned more than £100m in revenue for UK airlines by feeding passengers between the two airports. More than 600,000 passengers had flown on the service.

BCal itself stands to lose between £5m and £6m revenue out of the estimated £14m annual revenne generated for UK airlines.

The BCal Airlink was suspended when the operating licence expired on February 6. A new licence was granted by the CAA but the service remained suspended pending Mr Ridley's final ruling.

Mr Toby Jessel, Conservative MP for Twickenham, near the flight path, welcomed Mr Ridley's anouncement. "It is outrageous that tens of thousands of people on the ground are disturbed to save 20 people 20 minutes," be said.

Mr Ridley told MPs: "I must take into account the degree of disturbance caused to those under the flight path. I am conscious that some of the environmental objections to the service are exaggerated, but even allowing for this, it remains the case that disturbance caused by the Airlink service arouses widespread and genuine annoyance and causes some distress.

MPs to hear evidence on Channel Tunnel Bill

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

OPPONENTS of the project to build a Channel tunnel between England and France have won the chance to convince the House of Commons standing order committee that the government timetable for legislation to enable construction to go ahead should be delayed.

The Channel Tunnel Bill, which clears the way for construction of the twin-bore rail tunnel between Folkestone, in Kent, and Calais, was last week found to be in breach of Commons standing orders, having failed to meet the fixed timetable laid down for private bills.

The failure was referred to the standing orders committee, which has the power to force the Government to table the bill afresh. Yesterday, the committee said it would defer its decision on whether to permit the bill to go forward to its second reading until it had the opportunity to hear evidence from interested parties and petitioners from Kent.

The hearings are expected to be in about two weeks' time. If the committee then takes the view that the standing orders can be dispensed with, any delay to the bill's passage will have been minimal. Any other decision might lead to a much more serious slippage and create unwelcome embarrassment for the Government over the Anglo-French project.

Tunnel opponents moved quickly yesterday to hail the committee's decision as a significant victory in their fight to slow down what they regard as the indecent haste with which the Government is pushing through the legislation.

Mr Jonathan Aitken, a Conservative MP for Kent and a leading critic of the tunnel project, said: "The Government is now starting to pay a heavy price for its frantic rush on the Channel Tunnel, which is turning out to be a classic case of more haste, less speed.

"Not only have standing orders been breached but there will now be at least a significant delay before the second reading of the bill can take place."

NatWest forecasts fall in base rates to 9%

BY WALTER ELLIS

UK BASE RATES might come down to 9 per cent before the end of this year – well below previous expectations – according to Mr David Kern, chief economist at the market intelligence department of National Westminster Bank.

Mr Kern says, in the May issue of the bank's Economic and Financial Outlook, that rates might fall further to 8½ per cent in the first half of next year, giving averages of 10¼ per cent this year and 8¾ per cent in 1987.

Rates for the five years from 1987-91 should average around 9 per cent, he adds, against a forecast UK average inflation rate for the period of 5 per cent.

Acknowledging that his forecast of real interest rates of 4 per cent to 4½ per cent in 1987 might appear too high, Mr Kern argues that three factors indicate that the resultant gap between interest rates and inflation is realistic.

"Firstly, the period of financial deregulation into which we are now moving may be associated with higher real rates than would be the case in a regulated system," he says.

"Secondly, political uncertainties in the run-up to the [general] election, and a possible tightening of monetary policy in its aftermath, may also necessitate fairly high real rates.

"Finally, as government policy to combat unemployment will tend to involve an increasingly strong fiscal stimulus, a necessary implication is the maintenance of high real interest rates to finance the resulting budget deficit."

Sterling, Mr Kern estimates, will ease to $1.40 (down 8 per cent on yesterday's level) and to DM 3.22 (down 5 per cent) by the end of this year. The dollar over the next few months might weaken, he says.

RESEARCH BODY ADVOCATES GROUP OF 'WISE MEN' TO EXPLOIT INDUSTRIAL POTENTIAL

Drive to harness scientific opportunities

BY DAVID FISHLOCK, SCIENCE EDITOR

A NATIONAL scheme for identifying and selectively supporting economically valuable scientific opportunities at an early stage of research is proposed in a report from a team of government technical advisers, published yesterday.

The report from the government's Advisory Council for Applied Research and Development (Acard), has the support of Mrs Margaret Thatcher, Prime Minister, who, in a letter published with the report, says she welcomes its proposals for improving Britain's economic performance. She said some countries seemed to act more quickly than Britain in identifying new areas of industrial potential, and acting on them.

The report, on the exploitable areas of science, is the work of an Acard sub-committee headed by Dr Charles Reece, research and technology director of ICI, the industrial group.

Its main recommendation is that a process should be established for identifying exploitable areas of science, which have some certainty of continuity.

It rejects the notion – "widely accepted in the United Kingdom" – that research cannot be organised to deliver economic return.

Other countries did not accept it, but believed science was "now so important to a country's future that some attempt must be made to structure, support, and achieve more effective exploitation of science."

Past levels of support for UK science had been the desirable result of prosperity and their fruits tended to give benefits worldwide rather than to the UK. Acard forecast that "national economic success will be built on the foundations of scientific knowledge and capability."

The challenge, therefore, was to use the considerable national investment in scientific ability for the national benefit. At the same time, Britain needed to increase its exploitation of research and development overseas.

Unlike other countries with a prominent technical capability, Britain had no national forum in which opportunities might be identified early, and priorities agreed for funding chosen ones.

The study singled out specifically the Japanese with their long-term plans for basic sciences, and the French with their national symposia for identifying priorities and winning commitment to them.

The mechanism Acard envisaged for Britain consists of a group of "wise men" drawn from all walks of British science and technology, who would have at their disposal a database summarising the national portfolio of research, talent and opportunities.

Dr Reece believes the aim of the forum should be to chart a pattern of economic policy founded on technical achievement for 10-20 years ahead, within which individual organisations would be free to plot their own courses.

Exploitable areas of science. Report of the Advisory Council for Applied Research and Development. HMSO. £4.90.

Public-sector pay rises 'outstripping industry'

BY PHILIP BASSETT, LABOUR EDITOR

PAY settlements in the public sector are outstripping those in private industry, according to one pay analysis. Another study suggests that the range of settlements is narrowing to increases of around 6 per cent.

Industrial Relations Services, a pay research company, suggests in its latest analysis of pay settlements that, for the first time since the early 1980s, public-sector pay is rising faster than that in the private sector.

IRS says that, based on settlements over the 12 months to April, weighted by employee numbers, the median increase in the public sector was 7 per cent, compared with 6.5 per cent in private-sector companies and 5.9 per cent in industry-wide agreements in the private sector.

Comparable figures for a year ago put public sector increases at 5.5 per cent, rises in private industry at 5.3 per cent, and company increases in the private sector at 6.3 per cent.

IRS says that an important factor pushing up the public-sector figures has been the 8 per cent increase for nearly 1m local-authority manual workers. Other public-sector employees, such as teachers in England, Wales and Scotland and university manual workers, have been securing increases above the level of previous years.

In a separate analysis, Incomes Data Services, another pay research body, says that first indications of settlements in April – always a crucial month in the pay bargaining calendar – show for the first time signs of a narrowing range of deals.

IDS has for some time identified a "going range" of settlements of 5 per cent to 7.5 per cent. In its latest pay analysis, it sees a closer bunching of 5 per cent to 6.5 per cent, with a cluster of deals around the 6 per cent mark.

While IDS says that pay settlements are clearly anticipating the lower level of inflation expected during the second quarter of 1986, it suggests that basic rate increases are still going to be running up to 2 percentage points above inflation.

Signs of increasing stability in pay bargaining are clear in a survey of managers and trade unionists published yesterday by the industrial communications company Epic.

Epic charts a sharp increase among managers and trade unionists who believe that current settlement levels will continue for several years.

There is a notable degree of confidence about the UK economy, with an increase of 23 percentage points among managers and 8 percentage points among trade unionists in the belief that the economic climate will improve.

Pay and Benefits Bulletin 159. IRS, 67 Maygrove Road, London NW6; IDS Report 472. IDS, 193, St John Street, London EC4. Industrial Relations Opinion Survey April 1986. Epic, 7 Leicester Place, London WC2. All by subscription.

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THE MANAGEMENT PAGE

Youthful show of enterprise

Hazel Duffy reports on a move to encourage initiative among Britain's schoolchildren

MOORSIDE comprehensive school, which Craig Stobbs and David Smilb attend in Consett, used to sit, like so much else in the town, in the shadow of the steelworks. Now, uneven humps of earth mark where the steelworks used to be — the latest step towards landscaping over Consett's industrial past. On the outskirts, the ball bearing factory — which closed just before the steelworks — is being pulled down.

Against this bleak, post-industrial environment, Craig and David talk enthusiastically about market research, sales techniques, business plans, and profit, not as learned from a textbook, but from experience—the experience of running their own commercial project.

Last year, as part of the school curriculum, they and four other fourth year children decided to sell confectionery, crisps and soft drinks to the people of Consett. This was part of a pilot project pioneered by the small business centre of the Durham University Business School, with the support of BSC Industry and the Department of Trade and Industry. The project, Enterprise, was launched formally last autumn and is now being slotted into school timetables throughout Britain.

BSC Industry is backing Enterprise in all of the steel closure areas where the aim is to encourage children to think in terms of owning and running a small business when they leave school. With the contraction of heavy industry, it is frequently the only alternative to leaving the area or being unemployed. Professor Allan Gibb, who dreamed up the idea with Sir Charles Villiers, chairman of BSC Industry, is a native of the north-east and has no illusions about the size of the challenge in this part of the country. "We are setting out on nothing less than a whole cultural change in this region." Where better to start than in the schools?

Craig and David, shortly to sit their O-levels, are unaware of the lofty aims of Enterprise, though not of the industrial depression in their town. Their project—buying wholesale, and selling on to the public—was not particularly original, except that they hit on the idea of purchasing the sweets from a local manufacturer which they hoped would appeal to Consett people. But they learned a lot about business, people, and their own capabilities by being confronted with the sort of problems in miniature faced by most small businesses.

Where to find approved scales for weighing the sweets to be packaged, without making a very expensive purchase? Answer: they found somebody who would rent scales on the day he was not using them. What happens when your wholesaler falls sick and cannot deliver? Answer: go direct to the manufacturer. What do you do when trade falls off in the central market place where you have a stall? Answer: find other outlets—in this case, local agricultural shows. What do you say to the taxman who calls in the middle of the school holidays when there is no teacher on hand to give advice? Answer: don't panic, talk it through—it turned out that they were not liable for tax.

These two boys made a £200 profit on £6 a head start-up capital — their colleagues dropped out when sales dropped off in the market place, but they persevered. What did they learn? "Confidence in talking business to adults," they agree.

Personal development is seen by head teachers as one of the most important spin-offs of Enterprise for children of all abilities. In fact, for the lower ability groups it may be the most important. "Enterprise puts them in a better position to cope with Consett," says one head.

The scheme seems to appeal to heads because of its flexibility. Some schools use it as an option, others are making it compulsory for a short period, say, six weeks in any one term. Over in the Sarah Metcalfe school in Middlesbrough—less devastated than Consett but still with pockets of very high unemployment — 82 fourth years in groups of around six take over the school hall every Friday afternoon to pursue their projects. They include: making lead pellets for shotguns; soft toys; gardening services; and assembling a stationery pack designed for children entering secondary school.

Integral to the Enterprise concept is that children must come up with their own ideas. "I was faced with 20 sceptical kids," says one teacher. "They were used to going into a classroom and being fed with facts, not playing around with ownership of an idea and developing it." If they have an idea which cannot work, they are left to find out why it will not work. And when they come up against refusals — like the girls who were told by the school cook that they could not open their coffee bar in the dining room—it is for them to find an alternative.

But the success of Enterprise still depends crucially on the teachers being able to advise and encourage in projecting a concept with which most of them are unfamiliar. They bring a range of disciplines with them—maths, business studies, craft, design and technology, for example. Two or three are usually involved in any one school, which calls for the traditional barriers between departments to be traversed. Some find it relatively easy to work with Enterprise, others clearly cannot cope with the challenge.

There are other problems. Parents, particularly of brighter children, do not like the idea of a "subject" which does not lead to exams and qualifications (although some schools are offering it as an option in a City and Guilds exam). Fitting Enterprise into the timetable can be very difficult, especially when the preference must be to give it two or three school periods. "To take it seriously, children have got to be released from school bells," says one teacher who found it very frustrating to have to cut off the leson when they were absorbed. Quite a different problem can be posed by children questioning why they have to be bothered with conventional subjects at all after they have got the taste for doing their own thing, and particularly when, in this part of the country, success in exams does not necessarily lead to employment.

It will not be possible to pronounce on the effectiveness of Enterprise for some time, although snapshots of the children's own conclusions are being processed. "I learned a lot, but I know that I wouldn't have the patience to set up my own business," says one girl. A few are quite sure that they want to have their own business, even planning to take on those that they have set up in school (one school has allowed this year's pupils to buy the projects set up last year—after paying interest on the start-up capital, the children are free to keep their profits or sell the projects on).

Some heads, however, are forming opinions, although tentatively. "I don't see Enterprise as a panacea but it is important," says one. "I think some children will be able to make it happen very quickly. But the results will be most apparent among those who go to work in medium sized companies, not necessarily their own."

If he turns out to be right, that will be no bad thing. In the meantime, Clifford Johnson, who directs Enterprise, is off to Gartcosh, in Scotland, to explain the project in the latest steel closure area.

"Look, we sell the goods, you confiscate them and sell them back at a discount—it's foolproof"

Management abstracts

Owner-managers prefer auditors to audits. I. Sharp in The Accountant (UK), 25 September 1985 (2 pages)

Reports the initial results of research studies which reveal that a majority of owner-managers would opt for voluntary audits even though there were no statutory requirements; suggests that the accountancy profession ought to consider whether there is a more effective way of delivering the perceived benefits of the audit.

Effects of scheduling on retention of advertising messages. D. T. A. Heflin & R. C. Haygood in Journal of Advertising (US), Vol 14 No 2 (7½ pages)

Describes research into different frequencies of advertising message scheduling: shows one-week and three-week schedules give best recognition results. Separates recognition from recall and outlines marketing implications in scheduling and methods of measurement.

Working hours in the office of the future. W. Haller in bit (Fed. Rep of Germany), September 1985 (2½ pages, in German, English version available)

Points out that there is growing realisation of the difference between working hours and operating hours: it is only when goodwill and mutual interest succeeds in optimising the pair that best results are achieved: this is even more so in offices than on the shop-floor where production for stock can be used as a buffer — not so in the office (the telephone operator told to connect tomorrow's call is a sufficiently absurd example to make the point).

The Secretarial Crisis. N. L. Colwin in Business Quarterly (Canada), Summer 1985 (2½ pages)

Predicts a crisis as more and more female secretaries demand better jobs for which, by experience and achievement, they are well qualified; argues that secretaries should have a career path toward the supervisory stream and that male graduates should also take the secretarial career path.

THESE abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £4 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Facing the kidnap threat

Charles Batchelor on some options open to companies to counter the growing threat of ransom demands

A GROWING number of companies, particularly those with operations in kidnap-prone parts of the globe such as Latin America, have become aware of the need to counter the threat of kidnap and extortion. The recent kidnapping in Dublin of Jennifer Guinness was a reminder that such dangers are not confined to the developing world.

What can be done about it? One option is to employ specialist consultants for advice and training. Lloyd's, the London insurance market, has also developed a sophisticated range of kidnap and ransom policies.

But the involvement of the consultants in kidnap negotiations — the Guinness banking family called in Control Risks, believed to be the largest company in this field — has once again prompted questions about the appropriate response to the threat of kidnapping or terrorism.

The police are not happy at what they see as the usurping of their role by private security firms. Sir Kenneth Newman, Metropolitan Police Commissioner, warned recently that these firms were acting "at the very frontiers" of official tolerance.

Increasingly, however, the insurers are insisting that their clients call on the services of kidnap consultants. This is where companies like Control Risk and their US rivals Ackerman & Palumbo and Paul Chamberlain Inc come in.

Control Risk has a team of more than 30 specialists trained to deal with kidnap and extortion attempts working from its Victoria headquarters. They include former members of the SAS, the elite British Army unit, the police and the Special Branch.

"The family or colleagues of the victim are usually dealing with this situation for the first time. They are unfamiliar with how to minimise the danger to the hostage, how best to reach a compromise and how to reduce the amount of ransom," says Arish Turle, himself a former SAS major and managing director of Control Risk.

Control Risk will send a consultant to advise on how kidnappers should be dealt with although, says Turle, they never carry out the negotiations themselves. This is left to a lawyer, friend or colleague of the victim, who knows local conditions and, overseas, can speak the language.

Increasingly, the specialists have also taken on a preventive role, providing surveys of the risks in many countries round the world. They advise on the steps to be taken to minimise the kidnap or terrorist threat.

In the 12 years of its existence Control Risks has handled 180 cases of kidnap and extortion—including threats to bomb premises or poison products. It has faced demands for $697m worth of ransom but reduced the total paid out to just $109m.

Even more controversial than the use of consultants, though, has been the development of kidnap and ransom insurance, or k and r, as the professionals laconically abbreviate it.

Lloyds, the London insurance market, began writing k and r insurance in the 1970s. At the start of the decade Lloyds took $150,000 worth of premiums but this has risen to about $40m a year in the past three years. Lloyds accounts for about two-thirds of total world premiums estimated at $60m, with competition coming from a small number of US insurers.

The obvious criticism is that k and r insurance encourages the crime. Criminals or political fanatics will pick on victims who are insured and will make even higher ransom demands, the argument goes.

These fears have twice prompted Parliamentary questions in the past year in the UK, and the Government is pressing for international action to curb such insurance. The insurance industry, meanwhile, has begun a discreet lobbying campaign among MPs. K and r insurance accounts for only a very small part of Lloyd's total premium income of £2.8bn, but the market is very sensitive about its image.

"We walk a tightrope of responsibility," says Bill Davis, of Casidy Davis, the Lloyds underwriting firm which handles most of the business done in London. "We don't want to be seen as working against the efforts of the police to stamp out kidnapping."

Lloyds has adopted a set of rules to answer these fears. The underwriters will only settle a claim once the insured person's family or employer has raised the funds itself and paid the ransom. The insurers do not make a direct ransom payment to the kidnappers.

To prevent ransom demands escalating the insurers will not insure anyone for more than their total net worth. Customers are not allowed to disclose that they have insurance, so preventing them from using the insurance policy as collateral for a bank loan. Police must be told immediately a kidnap incident occurs, otherwise any attempt to pay a ransom demand would invalidate a policy.

Uninsured victims who do not call in expert advice usually pay out larger ransoms, says Mr Davis. Of 11 ransom payments of more than $5m made over the last 13 years nine were by people who were not insured. Between 1982 and 1985 only 2 per cent of the 1,334 kidnap victims around the world were insured, according to Control Risks.

For many large companies the ransom demand is the least of their worries. They are more concerned to cover the cost of the disruption of their business. One company recently spent 600 days in negotiations for the release of a kidnap victim, a tremendous drain on executive time and energy.

Cover has therefore developed into a wide-ranging anti-disruption insurance to meet any eventuality, including the possibility of relatives of the victim suing the company for negligence or shareholders suing if they think too large a ransom has been paid.

How much does it cost? A wealthy family living in, say Wimbledon, the comfortable West London suburb, might pay £200 for £500,000 of k and r cover. A wealthy family in Lima, Peru might have to pay £25,000—5 per cent of the sum covered—for the same insurance, depending on how many family members there were, their wealth, life style and willingness to take precautions.

If the victim is insured then the underwriters will pick up the bill for the consultants' services in the event of a kidnap. If not his family could pay around £800 a day for expert kidnap advice.

"Kidnap is not an enormously common crime," says Turle. "But for all its infrequency its impact is severe. Banks and cash-carrying vehicles are so well guarded now that the weak link in security has become the human one."

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FINANCE AND ENERGY

Royal Bank of Canada rings the changes

Bernard Simon reports on a management reorganisation designed to give Canada's biggest bank a sharper approach to competition at home and abroad

SENIOR MANAGERS at Royal Bank of Canada (RBC) still enjoy the small luxuries of having their shoes polished at the office each morning and visiting the bank's private hairdressers in Toronto and Montreal. However, other things at Canada's biggest bank are changing.

Mr Allan Taylor, 53, takes over as chairman on June 1 from the doyen of Canadian banking, Mr Rowland Frazee, who is retiring. On the same day, a restructuring of the bank's top layers of management will be put in place in what Mr Frazee describes as "a more important change than would appear on the surface." The bank also expects to name a new chief executive within the next few weeks to Orion Royal Bank, its London merchant bank subsidiary.

These changes, and others in the pipeline, are a recognition that RBC — created 117 years ago by Halifax merchants to finance trade with the US and the Caribbean—needs a leaner and sharper approach if it is to retain its position among the world's leading international banks.

The Canadian bank's strengths are not to be underestimated. It already has a solid and diversified international presence through its branch network, its stake in Orion, a new joint venture in Australia and its wholly-owned subsidiary Kitcat and Aitken, the London securities firm.

In Canada, where domestic retail banking continues to provide the rump of its global profits, RBC claims that it may be the only bank that has gained market share in personal savings in recent years. It plans to instal another 200 automated teller machines this year bringing the total to 1,100.

The bank's financial performance has been solid, though by no means spectacular, and it has gradually strengthened its capital base in recent years.

Earnings of C$140.4m (US$101.2m) in the three months to January 31 gave it a return on assets of 0.58 per cent and on equity of 14.5 per cent, putting it roughly in the middle of Canada's six leading banks. Assets stood at C$96.5bn on January 31, 8 per cent higher than a year earlier.

But recent events have made management and investors cautious about prospects. "We're going to come through this year quite nicely," Mr Taylor says. "I think it's 1987 when we have to start worrying about Canadian banks."

The survival of North America's fifth largest bank is not in doubt, but low oil and gas prices have cast a long shadow over growth prospects.

Just over 8 per cent of RBC's domestic loans are to the mining and energy industries. Put another way, 30 per cent of its Canadian business is in the prairie provinces of Manitoba, Saskatchewan and Alberta, where weak oil, gas, wheat and coal prices have recently darkened the economic outlook.

Referring to oil prices, Mr Taylor says that "we're sleeping easily at $18 and $20 a barrel. At $10, there are quite a lot of problems out there for our customers."

The bank has an exposure of about C$300m to the debt-laden producer Dome Petroleum and has taken substantial equity positions in several troubled oil and gas companies as part of financial restructurings.

The problems are clearly reflected in the bank's recent quarterly results. It has raised its 1986 loan-loss estimates to a record C$800m, 17 per cent higher than last year. Bad debt provisions, calculated on the basis of a five-year moving average and charged against income, jumped by 21 per cent from a year earlier.

Besides the expected difficulties with some domestic customers, Canadian banks are also raising provisions on loans to a group of 32 troubled sovereign risk borrowers. RBC has an exposure of C$2.3bn to Mexico and Venezuela, equal to 3.6 per cent of its total loans.

On another front, Royal Bank's takeover of Orion four years ago has been clouded lately by tensions between the entrepreneurial spirits in London and the more cautious commercial bankers in Toronto.

RBC was not sorry to see Mr John Abell depart late last year, but like many other London institutions, Orion has also lost several experienced traders.

Mr Taylor predicts that within 18 months of London's big bang "there'll be a few bodies lying around, and we don't expect to be one of those bodies." He says that Orion's recent slippage in underwriting rankings "bothers me a lot less than what the bottom line is from those activities."

The Canadians are confident that RBC and Orion can co-exist, building on each other's strengths. "It takes some discipline on our part," Mr Frazee says, "But we're learning and they're learning."

While Orion provides flair and drive, Royal Bank has size and reach. According to Mr Taylor: "Royal Bank of Canada, our client base and the activities that revolve around the Royal Bank's name would be a very big plus to Orion."

RBC is keen to expand its investment banking activities, especially in the top end of the corporate market. The forthcoming organisational changes, modelled on those at Morgan Guaranty, will include closer links between treasury, global corporate banking and the merchant and investment banking divisions.

Expansion in the investment banking field is hampered, however, by the Canadian bank act's ban on domestic corporate underwriting by banks. Hopes of having this prohibition lifted are tempered by political sensitivity towards the six big banks' dominant position in the domestic financial services industry.

As Mr Taylor puts it, "to explain C$488m dollars in profit takes some doing."

The ban on domestic underwriting has not stopped several of the big US banks from setting up investment banking divisions in Toronto.

Mr Taylor is expected to be more active in day-to-day management of RBC than the statesmanlike Mr Frazee. He has worked for the bank since joining a branch in his Saskatchewan home town at the age of 16. He is determined to press the bank's case with the Government and the public, noting that "probably the most important thing for our bank is to retain the position we have as the leading financial institution in Canada."

Venezuelan oil group merges subsidiaries

By Joe Mann in Caracas

PETROLEOS de Venezuela, Venezuela's national oil company, has announced a major reorganisation which will merge two of its petroleum operating units, Corpoven and Meneven, into a single concern, Corpoven. Interven, a new unit, will manage the group's joint ventures in oil companies in the US, West Germany and Sweden.

The purpose of the merger is to enhance efficiency in the state-owned oil industry by avoiding duplication among the operating subsidiaries. PDV is one of the world's largest oil companies. In 1985 it earned after-tax profits of $1.77bn on total revenues of $14.9bn. PDV last year produced an average of 1.55m barrels a day of crude oil and exported an average of 1.37m b/d of crude and products.

Interven will have control of PDV investments outside Venezuela, including joint ventures with Citgo, Champlin and Steuart in the US, Veba Oel in West Germany and Nynas in Sweden. Since January, PDV has announced investment in foreign refineries, distribution systems and other assets totalling around $420m.

As a result of the reorganisation, PDV, a holding company, now has nine subsidiaries: Maraven, Corproven, Lagoven, Interven, Pequiven, Intevep, Bariven, Isla and Carbozulia.

Maraven, Corpoven and Lagoven are PDV's oil operating units. Interven will oversee overseas interests. Pequiven is the state-owned petrochemicals company, while Intevep is the industry's research and development unit.

Bariven handles the industry's overseas purchases of equipment and materials, while Isla (set up late in 1985) runs the former Shell refinery on Curacao on a contract basis.

After Venezuela nationalised all foreign oil companies in 1976, there were 14 operating companies. Over the years, these have been reduced to three. Before nationalisation Lagoven was an Exxon subsidiary Maraven was a Royal Dutch/Shell unit, Meneven part of the Gulf group and Lagoven a Mobil subsidiary.

Control Data's debts deadline

By Paul Taylor in New York

CONTROL DATA'S new chairman, Mr Robert Price, is fighting a battle against time. The Minneapolis-based group's bankers have given Control Data (CDC) until the end of the year to restructure the troubled group and pay back $383m in debt.

Yesterday Mr Price announced "another milestone" in the group's restructuring plans with an egreement to sell its Ticketron electronic ticket vending subsidiary to a group of New York investors led by Allen & Co. Analysts believe the company will raise over $100m from the sale.

Mr Price, a mathemetician and CDC veterao of 25 years, added the chairman's job to a portfolio of other titles earlier this yeer when CDC's founder and mentor, 74-year-old Mr William Norris finally stepped aside. Even with the chairman's title, Mr Price faces a tough challenge if be is to turn Control Data around.

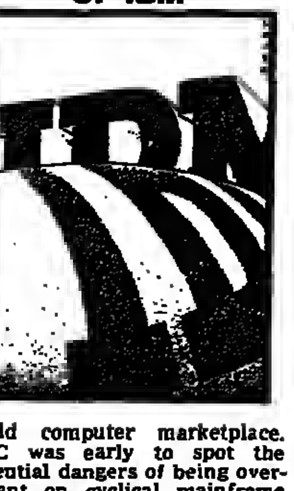
Last year the group lost $562.7m as its once-booming computer peripherals business went into a tailspin. Over half the 1985 losses resulted from special charges, mainly to restructure the troubled peripherals business. Although the company is struggling to stem the losses and restructure its operations, progress is slow.

Last month, after the group's independeot auditors qualified its 1985 earnings beceuse of uncertainties over the group's borrowings, CDC reported that its first-quarter net loss more than doubled to $21.2m and that its computer business had an operating loss of $38.7m on revenues which tumbled by 10.6 per cent to $796.1m.

Control Data's management team, including Mr Laurence Perlman, president of the peripheral products division since last March, is scrambling to sell assets, cut its workforce and close down unprofitable businesses. Mr Price says bis aim is to create a new and profilable Control Data, much reduced in size but much more closely focused on its core computer and high-performance computer peripherals businesses.

If Control Data's management succeeds, it will not only have saved the company from the brink of financial collapse, but also dramatically changed a strategy that Mr Norris and others claimed just three years ago was "so firmly in place that the company's course is pretty well laid out for 50 years." Indeed until a few years ago it seemed as if Control Data had found a winning strategy for competing in the

IN THE SHADOW OF IBM



world computer marketplace. CDC was early to spot the potential dangers of being over-reliant on cyclical mainframe computer sales—so it diversified, and in e big way.

Aside from the computer peripherals business, a merket in wbich CDC claimed e dominant lead until at least 1980, Mr Norris took CDC into everything from education and training software to electronic ticketing, computer timesharing, banking and insurance. Some of his pet projects, like windmill farms and tundra farming, raised eyebrows on Well Street, and a few enalysts expressed concern ebout the group's widely scattered "shotgun" approach, as well as the management time that the special projects coosumed.

But for a time, Control Deta's strategy—centred on four main businesses, mainframe computers, peripheral devices, computer services end the commercial credit finance subsidiary

THE KEY FIGURES
($m)

	1986 (1st qtr)	1985 (1st qtr)	1985	1984	1983	1982	1981
Revenues	1,057.7	1,161.6	4,810.1	5,026.9	4,582.8	4,340.3	4,126.7
Net profit	(21.2)	(9.2)	(567.5)	5.1	161.7	155.1	170.6

Figures include Commercial Credit subsidiary

—seemed to work. CDC's growth, though anything but spectacular, was steedy.

But in late 1984, the first real signs of trouble emerged when CDC abendoned an attempt to develop a new bigb-powered IBM-compatible disk drive. That year profits plunged from $161.7m to just $5.1m on revenues of over $5bn. Even then the real scale of Control Data's problems wes not immediately apparent.

The crunch came last year as demand for CDC's peripheral devices, mostly sold to other computer makers, dried up at the same time that fast-changing technology and intense price competition, particularly from Japanese suppliers, finally caught up with the group. (Even the commercial credit subsidiary, once a valuable and profiteble cushion against had times in the computer sector, posted a small loss because of the need to add reserves to the unit's now-discontinued property and cesualty insurance operations.)

Referring to the loss-plagued peripherels business, Mr Price admitted in a now often-repeated quote, "We opened the door to competition and they walked in—in meny cases with superior quality." The result was a flood of red ink, write-offs, lay-offs, a cancelled $300m securities offering and a queue of anxious bankers as CDC slipped into default.

In February, CDC announced that it had won a temporary reprieve from its bank creditors under a deal whereby CDC has agreed to repay short-term debt, mainly using the proceeds of asset sales.

The commercial credit subsidiary, put on the auction block but then withdrawn last June because of a lack of bidders, is also being slimmed down to its core businesses through asset sales and the disposal of unprofitable portfolios and businesses.

Although Control Data now says it intends to keep the unit, it recently restructured its relationship with commercial credit to provide it with greater eutonomy and improved eccess to the cepital markets.

It is in the computer peripheral products area that some of the biggest changes are taking plsce. Under Mr Perlman, a 47-year-old former lawyer with e reputation as a turnaround specialist, the ailing business is being shaken up from top to bottom. Mr Perlman has cut the unit's US workforce from 17,500 to about 9,000, is driving costs down by moving some production offshore, eod bas largely abandoned low profit "commodity" businesses like making floppy disks.

Instead Control Data intends to regain its lead in the bigh-performance, bigh-capacity disk drive business built mostly for other original equipment manufacturers (OEMs) to sell with their mainframe systems.

While Wall Street remains to be convinced that the more narrowly focused strategy io the peripherals business will work —in part because Control Date is likely to face increasing competition from Japanese maoufacturers eveo at the high performance eod of the disk drive spectrum—most agrea that Control Data has a chance of returniog a sealed down peripberals business to profilability.

Io the meanlime, Control Dsta is betting that its traditional strength, building big scieolific end engineering computers, will carry il through its troubles. Control Data claims one of the broadest industry lines of big mainframe computers and a relatively loyal customer base of aboul 1,500. Customers praise bighly the machines' operating system and dual architecture—which allows them easily to convert applications software written for IBM machines, as well as software specifically developed for CDC mainframes.

CDC's Cyber 180 line ranges from the low-end model 810, a powerful super-minicomputer, through the model 990 introduced last year in competition with International Business Machine's 3090-200, to the Cyber 205 number-crunching supercomputer.

Its strategy in the mainframe business is clear. "We are a focused company building scientific and engineering products," says Mr Norm Dawson, vice-president of computer systems and services group marketing. Control Data's primary customers are manufacturing industry, government, higher education, petroleum, electrical power utilities and environmental—like weather forecesting.

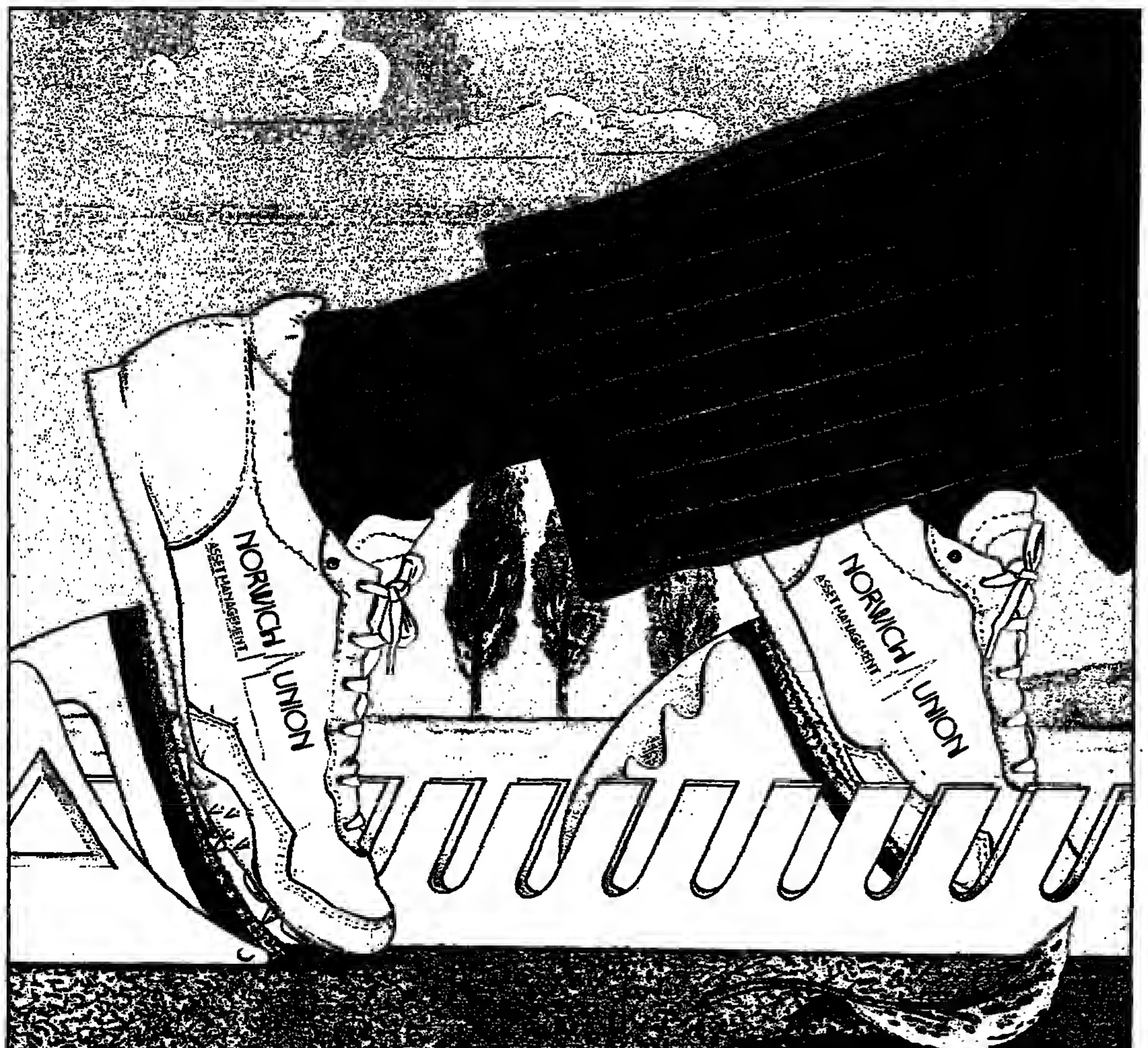
But the company is also trying to expand its mainframe business beyond these treditional markets. For example, it bas grown into the sixth largest vendor of computer-alded design systems and recently won a major order to supply mainframe machines to India—a contract CDC values at $500m.

Control Data, once the undisputed king of the supercomputer until Mr Seymour Cray left the compeny to set up Crey Research in the early 1970s, is also betting that it can regaio the technological edge in the fast-cbanging supercomputer business througb ETA Systems, a Control Date spin-off set up three years ego.

For Mr Price, success in restructuring and turning around the peripherals business wbile building upon CDC's mainframe strengths could make the difference between being bailed as a corporate bero—or a relatively short tenure in the company's bigbest office.

When the group's euditors, Peat Marwick and Mitcbell, quelified CDC's 1985 results, they noled tbat the currently planned asset sales will probably not generate sufficient cash to pay off the short-term debt and added that CDC will either have to obtain additional financiog or arraoge other asset disposals. Industry analysts believe that Control Deta is on the right track towards recovery, but they caution that much still needs to be done.

Previous articles in this series appeared on Mey 2, April 29, April 23 end April 22.



TRANS-NATAL COAL CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
Registration No. 63/01000/06

REPORT FOR THE QUARTER ENDED 31 MARCH 1986
(Unaudited group results)

INCOME STATEMENT	Note	Quarter ended 31.03.86	Quarter ended 31.12.85	Cumulative to 31.03.86	12 months to 30.06.85 (Audited)
Tons sold ('000)	1	8,164	8,158	23,981	28,660
		R('000)	R('000)	R('000)	R('000)
Group income before accounting for the following items:	1+5	87,791	106,850	266,319	185,685
—Amortisation		4,908	5,235	13,599	11,253
—Financing costs	2+3	9,642	5,323	20,655	25,492
		14,550	10,558	34,254	36,745
Group income before taxation	1	73,241	96,292	232,065	148,940
Taxation payable		30,441	18,294	56,695	38,230
Group income after taxation		42,800	77,998	175,370	110,710
Outside shareholders' interest		725	2,870	7,372	11,681
Attributable income		42,075	75,128	167,998	99,029
Net transfer to deferred taxation benefits	5	3,588	32,638	61,149	33,423
Distributable income	5	38,487	42,490	106,849	65,606
Distributable eernings (cents per share)	4	49	56	143	96
Based on shares and compulsorily convertible debentures totalling ('000)		78,125	75,562	74,708	68,524

BALANCE SHEET	Note	31.03.86	30.06.85 (Audited)
Capital employed:		R('000)	R('000)
Ordinery shere capital		212,485	122,158
Compulsorily convertible debentures		78,093	78,093
Permanent capital		290,578	200,251
Unappropriated income		123,611	54,532
Permanent capital end ordinary reserve		414,189	254,783
Temporary reserve for deferred taxation benefits		189,995	128,846
Permanent capital holders' interest		604,184	383,629
Outside shareholders' interest		11,406	36,570
Group equity		615,590	420,199
Long-term loans	4	216,385	201,932
		831,975	622,131
Employment of capital:			
Investments		26,764	23,778
Fixed end mining assets (net)		693,130	558,528
Non-mining assets		1,399	1,187
Net current assets		110,682	38,638
		831,975	622,131
Capital expenditure for the period		90,112	156,852
Long-term debt/equity ratio	2	0.36:1	0.53:1

Notes:

1. Although tonnege sold during the current querter was virtually the seme as thet of the previous quarter, income before taxation declined by 24 per cent mainly as e result of a different end lower valued sales mix, together with the firming of the Rand/US$ spot rate relating to export proceeds. A policy of selling forward a percentage of foreign currency export proceeds has been followed and remelns ongoing.
2. At 31 March 1986 foreign loans totalled US$92.9 millioo (December 1985 US$94.0 million) of which US$32.6 million (December 1985 US$17.8 million) is contractually covered and US$60.3 million (December 1985 US$76.2 million) is formelly deemed covered et US$0.735=R1. The contractual covering of foreign loans results in unreelised currency differences arising with a corresponding increase, in Rand terms, of the liebility for such foreign loans.
3. Financing costs for the querter reflect an increase of R4.3 million which is fergely due to the emortisation (over the long-term tenor of the foreign loans) of such currency differences arising.
4. Due to the fact that the debentures are compulsorily convertible into ordinary sheres, they are regarded as permenent cepital forming pert of the Group's equity. Accordingly eernings per shere, prior to the compulsory conversion of these debentures, ere calculeted on the aggregete number of ordinary shares end convertible debentures in issue from time to time, determined on the weighted everage besis. It elso follows thet eernings ere struck before cherging interest on the convertible debentures. Such interest eccrued emounted to R2.48 million for each of the querters reported on above.
5. Certain figures have been restated or regrouped for purposes of comparison.

On behalf of the board
S. P. ELLIS—Chairmen
T. L. de BEER—Director

Johannesburg
6 May 1986

Gencor Group

THE ARTS

Television/Christopher Dunkley

The high life of Martini Vice

At first sight *Miami Vice* looked like merely the latest in an endless line of police series which have been arriving from across the Atlantic for more than 30 years. From *Highway Patrol* with Broderick Crawford growling "Ten four" to *Kojak* with Theo drawling "Who loves ya baby?", they have had various qualities in common. They have been technically well made; the chief characters were, until recently, invariably male; usually the heroes have been in plain clothes; guns have played a major part; and the strongest component—stronger than the acting, the photography, or anything else—has been the narrative. Over the years series such as *Columbo*, *Kojak* and *The Rockford Files* have been admired in this column largely because of their story-telling.

Miami Vice is fundamentally different. This was not immediately apparant because the first impression was that we had here a typical example of a familiar sub-species to the American action genre: the buddy-budy series. The leading chracters in *Miami Vice* are Sonny Crockett and Rico Tubbs, two members of the vice squad in Miami (hence the title). As with *Starsky and Hutch* before them, and Smith *and Jones* before *them*, and *Butch Cassidy And The Sundance Kid* at the start of this fashion, the partnership between Crockett and Tubbs is very much a male one: not particularly masculine, perhaps, but an archetypal man-to-man relationship.

(The same goes, incidentally, for *Cagney and Lacey*, which jumped on the feminist bandwagon and substituted two women *for* two men but changed virtually nothing else, not even the typical male attributes of the central relationship.

Because the general subject of *Miami Vice*—crime fighting—was so hackneyed, and the central partnership of such a familiar sort, it took a while to realise that in other, far more significant, respects the series is revolutionary. Suspicions were aroused early, of course, by the fact that the car used by Crockett and Tubbs appeared to be a Ferrari worth $100,000 or so, and Sonny seemed to be living on an ocean-going yacht worth at least as much again. Both men dress in designer clothes: Armani linen jackets, Fiorucci T-shirts, Ungaro trousers, all very casual (no socks), all very beautiful, all wildly expensive.

Without thinking too carefully about it, one tended to assume that this was all part of the camouflage necessary for vice squad detectives to merge into the *Florida* drugs scene. But even if that is ostensibly the explanation, closer acquaintance with the series proves that it is hardly the point.

The point is that to the producers of *Miami Vice* the only thing that matters is style. The age of the rock video has brought us a *major* popular television drama series in which the content is of secondary importance: it is not *what* the producers, let alone the writers, have to say that counts, but the *way* that they say it. After watching a few episodes you realise that whereas every previous American police series from *Dragnet* to *CHiPS* (which also featured two young bachelor policemen) has put the story first, in *Miami Vice* almost everything else is more important: the music, the *clothes*, the *backgrounds*, the cars, the scenery, the use of colour all get more attention than the stories. The narrative is thin and repetitive and tends to be either shamelessly uninventive—the straightforward drugs bust—or so far-fetched that it is presumably not intended to be taken seriously.

What *seems to be occurring* is a reaction against the ugliness of all those series from the Sixties and Seventies which followed their police characters out onto location in Los Angeles or New York and showed us the realities of the decaying urban surroundings in which so much crime was committed. Watch any episode of *Kojak*, currently being repeated on Thursday, and you will see detectives inhabiting the concrete jungle; *racing* down dirty alleyways and up rusting fire-escapes, roosting in a hideous squad room with flaking paint and decrepit desks.

Such series reached their apogee with *Hill Street Blues* which frequently sets scenes not only in the police station locker *room* but in the lavatory. The surroundings for most *Hill Street* stories are about as nasty as they could be: sleazy hotels, greasy diners, damp squats. And not *only* do the down-and-outs teem; so do the stories. *Last week's* episode had, typically, four separate narrative strands plaited together. To use an architectural metaphor, these gritty series in their drab concrete surroundings represented the *new brutalism*.

Miami Vice is the post-modern *reaction* with its emphasis upon decoration, cool and pretty stylishness, the flourish. So persistent are the producers in their quest for appearances that, like some post-modern architects, they appear to have abandoned everything else—so that the look of the thing is all that counts. Switch on any episode at almost any point in the proceedings and you will feel that you are in familiar territory: the *perfect* turquoise of the sea, the gorgeous shapes of the women's bodies, the ubiquity of designer clothes, the sun-tans, the scrupulously framed picture compositions with palm trees against pure blue skies, the fast cars and speedboats, the music in the *foreground* in the place of narrative—where have you come across it all so *often before?* Of course: in the commercials for Martini and Bounty and a hundred other consumer products.

Appearance and style are paramount. Take the matter of guns, which are still used a lot: instead of being concealed and brought out only in emergency, they are toted around with supreme casualness. The only *item of apparel that Crocket* wears over his pink or lilac T-shirt is a complicated shoulder holster. And the handgun he pulls from it is not some nasty little snub-nosed revolver in gun-metal blue of the sort you would expect in a new brutalism series, but one of those big, flat, squared-off chrome jobs which used to be carried by the bad guys in Thirties' movies. It *is very art deco, very hip, very* stylish.

Take picture composition. All the great masters of film—Griffith, Eisenstein, Ford—have known from classical painting that the most powerful line in an academy-shaped cinema screen with a 4:3 ratio between the sides (like the *painter's* "golden section") is a diagonal, whether achieved with a group of people ranged from top left to bottom right or a road running from bottom left to top right. The television screen is close to academy size and it is typical of the stylistic deliberation of *Miami Vice* that the directors exploit the strength *of that composition over and* over again.

In a recent episode Crockett and Tubbs, with huge machine-guns, were carefully positioned on the stern of a speedboat so that they formed the top-left-to-bottom-right diagonal. Simultaneously the boat's brilliant white spoiler formed a perfect diagonal from bottom left to top right. The only reason for holding that shot as long as the *director* and editor did was for the visual composition to sink in. There is, meanwhile, neither much time nor much concern for the development of character, let alone the morality of what is going on.

For 16 years, on and off, I have been chiding television drama producers for adapting old forms and trying to make their work approximate to good literature or good theatre. Repeatedly I have urged them to strive for good television. Now, faced with the evidence of *Miami Vice*, I suspect they may indeed be starting to find their own forms, but instead of being happy I am anxious. After 30 years of new *brutalism* there is, of course, nothing wrong with having one series such as *Miami Vice*. Nobody could deny that with its ice-cream colours and its fashion-plate cast it is strikingly different.

The worry is that instead of being merely followed by one *or* two slavish copies, like most successful series, it will prove to be the harbinger of a new age of television in which the values of the rock video and the commercial are transplanted to drama and the old values attaching to narrative, character and human understanding will become subordinate to the values of the Martini ad.

Trendy: Philip Michael Thomas (left) and Don Johnson in Miami Vice

Is there really any sign of this happening? Unfortunately there is. Watch the new series arriving from the US: though they have not fully mastered the trick yet, a lot are trying to look like *Miami Vice*. Or consider BBC2's *King Of The Ghetto*: it preserves, thank goodness, the traditional concern with character, story and *ethics*. The *opening* episode even suggested that it may be the best (because most honest and open) drama series yet to deal with an immigrant community. But it is also concerned with style, and the *music* all too often moves from the background up into the foreground, as in *Miami Vice*. It is only a tenth of the way there, but it is travelling down that road and we should be aware of it.

How Green Were My Values/Second City, Chicago

Michael Coveney

Chicago's local groups have made a significant contribution to the city's first international theatre festival, as reported here on Saturday. Steppenwolf, Wisdom Bridge and the Northlight have been in operation for about 10 years, with Remains starting up six years ago. The Second City revue is even *more of* an *institution*, and no less important. Over the past 25 years it has nurtured many of the nation's best comedians, including Mike Nichols, Elaine May, Alan Arkin and John Belushi.

The Cambridge Footlights is our nearest equivalent and the photographs on the walls of the bar record a visit paid by that student group in the middle-60s after *Beyond the Fringe* had opened up transatlantic lines of humour; here are Eleanor Bron, John Bird and John Fortune mugging away in dark clothes on the regulation satirical set of drapes and a few chairs.

Unlike the Footlights, Second City is big business. It is what the Comedy Store never became in London, a long-runing Establishment Club which, inevitably, has become a tourist attraction. Bernie Sahlins was in at the start and is still there as artistic director (Shalins is one of the international festivals's three directors). He has produced *How Green Were My Values*, the 67th revue, a reasonably enjoy*able* though *not* hysterical show that conforms to the sketch and black-out formula.

In London *The Wow Show* and *The Gambler* demonstrate how British new wave revue performers are deploying techniques of narative, surrealism, musical presentation and theatrical aggression (different from that of the 1960s political avant garde) in order, who knows, to create a new genre that would straddle various disciplines of rock, stand-up comedy and playwriting.

The Chicago company contains one performer, Richard Kind, who is noisily bent on be*coming another Chevy* Chase, and another, Dan Castellaneta, who is skilful and emaciated Dustin Hoffman clone. Their material breaks no barriers but will certainly further a few careers.

The best constructed sketch is a very funny parochial satire of the head-banging, crotch-scratching style of Steppenwolf acting, turned on to Shaw: a sinister and moodily impatient Higgins (Castellaneta) tries to ram the broad articulation of "A cup of caw-fae" down the throat of Eliza (Isabella Hoffman) while Pickering (Kind) *slumps grubbily* in the corner before hurling himself manically around the room at the moment of success. Also good, but more familiar in texture and subject, are a debutant parish priest making a showbiz hit while mildly hampered by altar boys, a sporty nun and the vestiary drudge Mrs O'Looney; and a vaguely sick barbershop trio for a dead colleague.

The improvisatory sections I *found embarrassing*, the best contributions coming from the audience. One customer shouted at "Gorbachev": "Is that a radiation stain on your head?" Another, responding to a request for things that got up one's nose *for improvisation* purposes, promptly suggested "Improvisation."

By sheer good luck on my last night in the windy city I caught the opening of a congenial new jazz club, DaVinci's Music Gallery, a former Polish restaurant in the Puerto Rican quarter, unforgettably christened by Stan Getz on his wailing and lyrical tenor saxophone, superbly supported by Jim McNeeley on piano, Victor Lewis on drums, Rufus Reed on bass. The project is the baby of one of Chicago's great entreprenaurial jazz figures, Richard Harding, and the star quality launch continues this month with visits from Betty Carter, Rosalie Sorrells, Jerry Goodman and Herbie Mann.

South Bank Celebration/Festival Hall

Paul Driver

The new South Bank Board lavishly celebrated the commencement of its reign over the Royal Festival Hall, Queen Elizabeth Hall and Purcell Room on Saturday evening with a sequence of classical music performances in the first of those venues, and late-night cabaret and jazz in the others. Before the Festival Hall events officially began, however, the vast foyer space of the building resounded to the quadraphonic splendours of Stockhausen's *Gruss* (Greeting) from the opera *Samstag aus Licht*. Brass and percussion groups from the Royal College of Music were at four corners on high, and let forth their marvellous baleful rumbles—like music Wagner might have written.

It was an ingenious stroke on the part of Nicholas Snowman, the South Bank's new general director (Arts), and perhaps symbolic: does announcing itself with a Stockhausen British première indicate the way in which the Board means to continue? The next music was equally bravely chosen—three pieces in increasing order of difficulty performed by the Grimethorpe Colliery Band directed by Elgar Howarth and Harrison Birtwistle. Edward Elgar's *Severn Suite* was excerpted from, Tippett's *Festal Brass and Blues* received a beautifully coherent interpretation — the harmonies with a satisfying ping, the easily congested lines always clear, the flugel horn and trumpet solos in the Blues centrepiece richly in style—and Birtwistle's own unfolding of his austerely lyrical *Grimethorpe Aria* allowed one to grasp without undue difficulty its ternary form.

The evening's fare was designed to satisfy all tastes. Marginal and modernist taste having been acknowledged, more conventional appetites were whetted with a dainty dish: the Academy of Ancient Music's *Eroica* symphony on authentic instruments directed from the (wholly inaudible) keyboard by Christopher Hogwood. I found it extremely refreshing. Ivo Pogorelich came on afterwards to clear the air of "authenticity" with his swaggeringly virtuosic, hard-hitting version of Schumann's miraculous *Etudes symphoniques*.

After a long interval, the performance by the London Philharmonic and Klaus Tennstedt of Mahler's 10th symphony Adagio was calculated to make a powerful effect and move everyone to the depths. It did indeed touch a transcendent note—the playing and structural shaping had such scalding intensity that something *beyond* was constantly intimated. Messaian's *Oiseaux exotiques*—an ornithological concertante for piano (Paul Crossley) and small orchestra—provided the strongest and strangest possible contrast to the Mahler (it was doubtless Nicholas Snowman's planning intention to throw ice on fire) and an unlikely transition to the Jessye Norman magnificence in orchestral songs by Strauss.

Norman in Strauss/Festival Hall

David Murray

Though a bold effort of the imagination is needed to see Jessye Norman in any of the great Richard Strauss soprano roles but the monumental Ariadne, one would go a long way to *hear* her in any of them. On Sunday, with Klaus Tennstedt and the London Philharmonic, she offered Salome's final monologue, and she was colossal.

In the first half of the concert, by way of warm-up, she repeated her five Strauss songs from Saturday. Critical distancing would be ridiculous: the voice is glorious, it is used with sterling intelligence and acute sympathy with the *texts*, and it issues from a lady of indelible dramatic presence. As they used to advise about rape in pre-feminist days: submit, relax, enjoy. Miss Norman began and ended with "Cäcilie" and "Zueignung," both irresistibly fervent. "Meinem Kinde" and the "Wiegenlied," a natural pair, were respectively heart-felt-simple and exquisitely drawn out. In "Ruhe, meine Seele," elevated above its just deserts, the Norman timbre matched—to marvellous effect—the French horns.

Something else was needed to get the first half underway, and Tennstedt chose the suite from Strauss's *Bourgeois Gentilhome* music, amiable semi-pastiche. It would have gained from better ensemble, and more infectious rhythm, and a wittier lead violin—and a smaller hall.

Salome's monologue was prefaced by the Dance of the Seven Veils. Strauss composed it at the last moment, and Tennstedt probably agrees with Mahler and a lot of other people that it isn't any good (unlike the monologue, which is a sensational feat of cogent originality). Though Miss Norman did not appear for the Dance, I expect she was doing it in the Green Room: imagining that helped, I found, to round out Tennstedt's brusque, unseductive account. In person, with a little profoundly effective mime, Miss Norman created a Salome of shuddering vulnerability and eerie power. Key vocal rhythms struck home, and her inspired tone-colourations surmounted *the huge orchestra*. Tennstedt contrived to supply both a strictly loyal accompaniment and the essential monstrous *frissons*. Memorable.

Domus/Wigmore Hall

David Murray

This young piano quartet, which takes its name from the geodesic dome it uses on tour, has been making an excellent name for itself in the metaphorical sense too. Its recent recording of Fauré's quartets has been much admired, and the group has an individual personality that marks it out from other young ensembles. The committed keenness is attractive, evidently inspired by the pianist Susan Tomes in particular. Perhaps too evidently: when piano and strings are musically pitted against each other, the strings lack a lead voice of equal conviction, though they make a unanimous trio.

On Saturday they all played early Brahms — the G minor quartet op. 25 — and, without the viola, the later Dvorák "Dumky" Trio. They were *bright, skilful and engaging* with the "Dumky." Great freshness and verve, a nice care for distinguishing the various characters of the piece, and some imaginative ensemble-sound; not quite the mature patina that can make it sound more than a quirky suite.

In Brahms, they rose exuberantly to the "gypsy" Finale, and throughout they balanced piano and string weight even better than in their Dvorák (much better than many an ensemble with piano in the Wigmore). In the middle of the Intermezzo they seemed curiously unpersuaded, and in the opening movement they aimed at a hushed, respectful intensity that deprived it of its Allegro character and most of its muscular thrust. That needs re-thinking, though as a whole the performance was saved by its steadily increasing grip.

Between the major works came a clutch of short Hungarian pieces. *Late Summer Capriccios*, a new work by the senior composer Jozsef Soproni, was an idyll of floating trills and drooping phrases. Four of Bartók's evergreen Duos, meant for two violins, translated well to other *combinations*, and Miss Tomes had the dry wit for three laconic pieces from Kurtág's *Játékok* collection. Only Janos Vajda's *Movie Music* let the side down. More like teashoppe music, it is a thin joke after "Les Six," and after Bartók and Kurtág it sounded crudely over-extended.

Saleroom/Antony Thorncroft

Bernini for Scotland

John Paul Getty Jnr has made another contribution to the British national heritage. He has given £200,000 towards the £3m needed to ensure that the Bernini bust of the Archbishop of Pisa goes to the National Gallery of Scotland. It is on show there from today.

The saving of the Bernini owes most to the National Heritage Memorial Fund (*NHMF*), which made its largest contribution *towards a work of art* — £1.25m. It was able to do so after receiving an extra £10.5m in aid from the Government. The National Arts Collection Fund contributed £300,000, the Pilgrim Trust £25,000, and the rest of the money came from the National Gallery of Scotland, which had cash in hand from its unsuccessful attempt to bring Mantegna's *Adoration of the Magi* to Edinburgh.

The acquisiton of the Bernini from its owners, the Howard family of Castle Howard, is a feather in the cap for Mr Timothy Clifford of the National Gallery of Scotland. The Victoria and Albert badly wanted to add it to its other busts by Bernini but its timing was wrong—the NHMF was out of funds when the V and A approached it. The bust has an indemnity value of £7.5m, and the Howard family gain tax concessions by selling it to a national institution.

*

The price premium that buyers were prepared to pay to capture an item from the Hatcher wreck sold by Christie's at Amsterdam last week was well illustrated in the sale of Chinese export porcelain at Sotheby's in London yesterday.

A set of eight cups and saucers of the same period as the porcelain brought up from the sea bed by Captain Hatcher sold for £770—a *similar lot in* Amsterdam, with their romantic history, would have made up to three times as much.

All told the auction totalled £350,680, with 20.6 per cent unsold. This was mainly accounted for by two major lots, a "Compagnie des Indies" dinner service and an armorial boar's head tureen and cover of the same period, both being bought in at £23,000 and £20,000 respectively.

The rest did well. P. Van Deker, a New York dealer, was a keen buyer, paying £31,900 for a "famille rose" garniture of the Qianlong period, consisting of three vases and two beakers, and £22,000 for a pair of "famille verte" cisterns, covers and basins.

Marchant, the London dealer, paid £14,850 for a pair of blue and white coolers, Qianlong, while Van Deker, again, acquired a rare pair of "Compagnie-des-Indes" figures of monkeys, Qianlong, for £13,750.

Sotheby's had a major auction of contemporary art at New York on Monday night which did quite well, with a total of $3,913,250 and 26 per cent unsold—not bad for this market. The top price was the $396,000 (under forecast) paid by a New York dealer for *Tzing*, by Roy Lichtenstein. *Swamp Elegy*, by Hans Hoffman, was way above forecast at $247,000, and *Untitled*, by Mark Rothko, sold for $209,000. Alexander Calder was much in demand.

Phillips had an unusual sale in New York over the weekend—a collection of 50 merry-go-round wooden horses. The top price was £13,600, a world record for such an object. The buyer intends to place it by his swimming pool. A carved fairground tiger fetched £23,000. The animals came from the Ringling Circus collection of Sarasota, Florida.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 2-8

Theatre

LONDON

As You Like It (Barbican): Much improved since last year's Stratford-upon-Avon season, Adrian Noble's loosely Edwardian production now emerges as a secret-garden adventure where Rosalind (Juliet Stevenson) has the sisterly devotion of Celia (Fiona Shaw) threatened by Orlando (Hilton McRae). A superb Jacques from Alan Rickman. The RSC Barbican repertoire also includes a fine Othello with Ben Kingsley and, in The Pit, Christopher Hampton's absolutely breathtaking, unmissable version of Les Liaisons Dangereuses (628 8795).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

Guys and Dolls (Prince of Wales): The 1982 National Theatre production. Richard Eyre's production and John Gunter's affectionately lavish designs complement this most joyful and literate of musicals, a fitting tribute to the recently deceased co-librettist Abe Burrows (930 8681).

Interpreters (Queen's): Love among the diplomats, according to Ronald Harwood has a superb role for the matchless Maggie Smith renewing a cross-cultural affair with Edward Fox in the shadow of a summit between The Soviet Union and Britain. Fluent direction by Peter Yates of the West End's best new play of the year. (734 1166).

Lennon (Astoria): A not too critical celebration of the life and music of John Lennon that is enjoyable especially for the musical resourcefulness of the cast and Mark McGann's Lennon look-and-sound-alike. (734 4287).

Are You Lonesome Tonight? (Phoenix): More musical hagiography with Alan Bleasdale's Elvis Presley show using flashback and excellent live recreations of the rock and roll hits to explain how Martin Shaw's magnificently wrecked and flabby King in crushed velvet jumpsuit has reached this pretty pass. Exploitative, but not strictly for tourists. (836 2294).

Les Misérables (Palace): Notably well sung and spectacularly produced rock opera from the Nickleby and Cats team of Trevor Nunn, designer John Napier and lighting man David Hersey, Colm Wilkinson superb as Jean Valjean. A melodramatic distillation of Hugo, and none the worse for that. The French score is rousingly melodic, with serviceable new lyrics from Herbert Kretzmer. (437 8834)

NETHERLANDS

Amsterdam, Meervaart. Outer sink from Los Trios Ringbarkus of Australia, directed by Nigel Triffit (Thur). (10 73 93).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): In moving to Broadway, Herb Gardner's touching, funny and invigorating play about two oldsters retains its stars, Judd Hirsch and Cleavon Little, who almost conquer the world when they think they are just bickering with each other. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Philadelphia Story (Arena): Elinor Renfield, who last directed Peter Nichols's Passion Play here, takes on the Philip Barry American classic about a headstrong debutante whose society wedding draws the press to gawk. (468 3300).

CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Romanian-born director, Andrei Belgrader. Ends May 11. (443 3800).

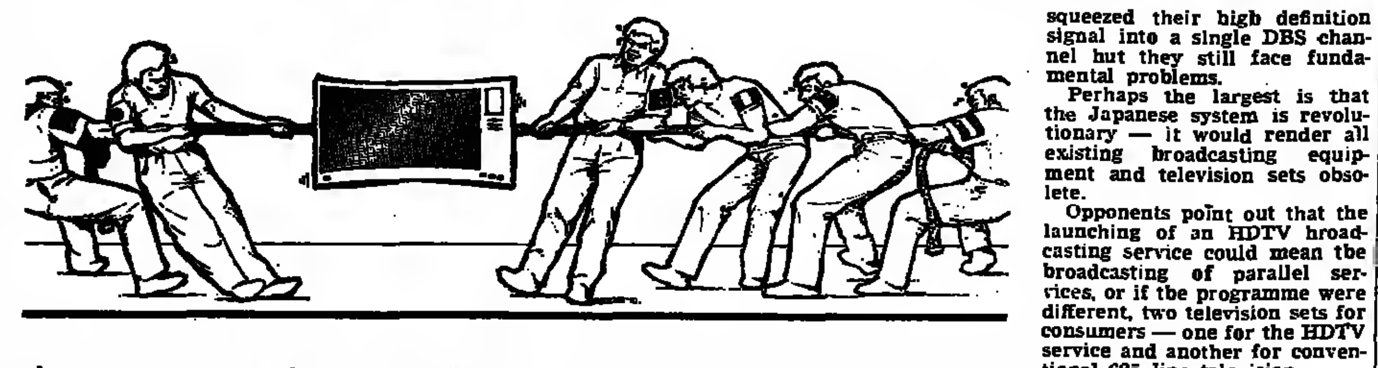
Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

Cats (Shubert): The national tour has stalled here while the T. S. Eliot lyrics and Andrew Lloyd Webber tunes take extra time with an extended run. Ends May 31. (977 1710).

International Theatre Festival: Britain's National Theatre brings The Cherry Orchard directed by Mike Alfreds and The Duchess of Malfi directed by Philip Prowse to a festival that includes an Israeli company performing Joshua Sobel's Ghetto, a Japanese company doing The Trojan Women and local groups like the Body Politic doing Larry Ketron's The Hitch-Hikers and the Immediate Theatre doing Lillian Hellman's Another Part of the Forest. Ends May 25. (644 3378).

Raymond Snoddy on the politics at play behind plans for high definition television

Battle hots up over new TV standard



DELEGATIONS of television engineering experts from more than 70 countries will gather in the medieval Yugoslav city of Duhrovnik later this month to determine what the television set of the future should be like.

The debate is turning out to be as sharp as the pictures on offer and looks like shattering the peace and civility of the intricate world of television engineering at the CCIR session, where consensus is traditionally sought and the last vote was called for 23 years ago.

To the casual eye the issue before the plenary session of the International Radio Consultative Committee (CCIR) could not seem more abstruse. Should a Japanese high definition television (HDTV) standard for producing programmes of 1125 lines and 60 hertz (cycles a second) be accepted now as a single world standard even though they cannot be transmitted and there are no television sets to receive the algnal?

The Japanese have received powerful backing from the US and very late in the day the Europeans have woken up to the fact that acceptance of the Japanese standard might hand the future of the television equipment industry on a plate to the Japanese for the 1990s.

The UK, France, West Germany and the Netherlands have all combined to ergue that more research is required, that choosing a single standard oow might preempt future development and that the issue should be postponed to the next CCIR plenary in four years time.

The Europeans also argue that accepting a standard based on 60 Hz freqnency—the number of fields (half frames) a second—would place the three quarters of the world, including Europe, which is on 50 Hz, at a considerable disadvantage.

Bot the fears of the main European consumer electronics manufacturing nations are really about more than the electricity system.

The Japanese 1125 standard ia e production end atudio standard only and does oot cover the other two legs of the broadcasting process—transmission and reception by television sets in viewers' homes.

The European worry is that acceptance of the Japanese standard will turn out to be the thin end of the wedge. A Japanese transmissioo system called MUSE has already been demonstrated and research is under way to try to produce sets to receive the 1125 line pictures.

Britain's Department of Trade and Industry decided it would vote against the etandard being eccepted now after taking advice from Pectel, the consultancy firm.

To Mr Joseph Flaherty, vice president of CBS, one of the three major US television oetworks and a leading supporter of the Japanese standard, the Europeans are indulging in wrecking tactics after suddenly waking up in alarm at the progress the Japanese have made.

He believes Dubrovnik could be the last chance to avoid the mistakes of the past — the failure after the Second World War to agree on e single black and white television standard and the present three incompatible colour standards in the world after a similar disagreement in 1965.

Supporters of the Japanese system say HDTV — at least when it is played from video tape onto a monitor — is as great a leap forward from current television pictures as the move from black and white, to colour.

The hope is that eventually it will offer wider cinema-shape screens and five times better picture resolution for broadcasts into the home.

Until then, say its supporters, it offers a universal medium for the electronic production of programmes which could then be freely exchanged around the world. High definition programmes could also be shown using projectors or on video or videodisc systems, although for the time being they would have to be squeezed on to conventional broedcasting videotape when they are to be sbown on existing 625 line television (525 in the US and Japan).

At the US National Association of Broadcasters exhibition in Dallas last month more than 25 manufacturers showed equipment based on the 1125/60 Hz standard — ranging from wide-screen picture monitors to cameras and graphics generators. UK compaoies such as Rank Cintel, have been producing prototype HDTV equipment in case the HDTV production standard sbould take off on the world broadcasting equipment market.

All the approaches to higher definition television pictures are dependent on the arrival of direct broadcasting satellites (DBS). Traditional terrestial transmitters cannot cope with the band width of the signal involved.

The Japanese claim to bave squeezed their bigh definition signal into a single DBS channel but they still face fundamental problems.

Perhaps the largest is that the Japanese system is revolutionary — it would render all existing broadcasting equipment and television sets obsolete.

Opponents point out that the launching of an HDTV hroadcasting service could mean tbe broadcasting of parallel services, or if tbe programme were different, two television sets for consumers — one for the HDTV service and another for conventional 625 line television.

Tbe Europeans have been concentrating on an evolutionary approach, emphasisiog a transmission standard called MAC, which has been adopted by the European Broadcasting Union. Mr Cor van der Klugt, president of Philips, the Dutch-based consumer electconics mutti-national has put his weight behind the evolutionary approach and against immediate acceptance of the Japanese standard.

"We believe that a premature acceptance of a single standard threatens to preclude the search for more satisfactory options for as yet unsolved problems," Mr van der Klught argues.

By the beginning of next year Philips says it will have ready a MAC adapter for individual reception from DBS satellites using the MAC transmitting standard. The company then foresees a gradual conversion to tbe future high definition TV.

Engineers at Britain's Independent Broadcasting Authority bave developed a system called Enhanced C-MAC for use with DBS satellites.

The unique feature, the IBA argues, is that the wide screen picture which the system offers is entirely compatible (using an adaptor) with the 625 line format of tbe existing receiver. From the same signal some viewers would receive a sharper picture of the conventional shape on their oormal set, while others who had special sets could receive the wider picture.

Mr Flaherty of CBS, however, hopes that the Japanese-American standard will receive the blessing of the CCIR, which is a consultative rather than a regulatory body. European rejection, be insists will not be enough to kill it off.

"What has happened oow is that HDTV in the 1125 line form has reached the point where it has a life of its own," Mr Flaherty warns.

DRAMATIC IMPROVEMENT IN PICTURE QUALITY

THE HDTV standard proposed by the Jepanese and the Americans has four main characteristics which distinguish it from existing television systems:

● The HDTV system uses approximately denble the number of seanning lines and prodoces four to five times as many picture elements as standard systems. This results in a dramatically better picture.

● The system provides a tenfold increase in the amount of colnur information provided on the primary colours—red, green and blue—giving mnch better hue and colour saturation on even small details of the picture.

● The screen is considerably wider than existing television sets—five units wide by three tall compared to the present four by three. Psychovisual research shows that such an image gives a greater sense of realism.

● Stereophonic sound, HDTV backers say, also enhances the perception of space and "presence."

Research on the Japanese HDTV standard began mnre than 10 years ago in the laboratories nf NHK, Japan's public service broadcasting nrganisation.

The system depends on a series of technological advances in the qualily nf cameras and spin-offs from the compoter industry such as high-speed semi-conductors.

At the same time as the improvement in camera tubes, to pick op the high definition image, fast processing and memory chips have enabled engineers to manipulate the high definition picture to get it onto video tepe.

Althongh transmission of o bigh definition signal to HDTV sets in individnal homes still seems e long way off, complete HDTV production systems are already nn the market.

Sony recently sold e $1m productinn system to Captain Video, a Paris-based video company, and it is believed an ITV company in the UK has already bought one, despite IBA opposition tn the HDTV standard.

Captain Video has already used the HDTV system tn prodnce television commercials and claims considerable saving of time and money. After the commercials are shot and edited electronically the electronic images are theo transferred to 1-inch broadcasting video tape or 35mm film for normal broadcast on 625 lines.

Inter-Innovation's automated cash dispenser.

Japan looks to share more of its technology

WORTH WATCHING

EDITED BY GEOFF CHARLISH

JAPAN INFORMATION Centre of Science and Technology (JICST), a Japanese Government agency, is to provide information in English about the country's science, technology and new products. Several of these new services will be made available in the UK through Microinfo of Alton, Hampshire (0420 86848).

Mr Roy Selwyn, Microinfo's director, describes the services as "a major effort to remove the language barrier that has effectively isolated the results of Japanese scientific and technical development from foreign users."

The main service covers five areas: biotechnology, new materials, electronics / computers, medical/pharmacological end robotics/automation. It will provide subscribers with some 15 items twice a month in each subject group. A similar service will operate once a month. In addition, the same kind of informatioo will be provided by a compoterised on-line service.

COMPUTER CRIME will be fought by a new company, Racal-Guardata (0252 622144), which eims to provide e total network security service to computer users.

An initial prodnct is the Watchword password generator. This is a hand-held unit used in conjunctinn with security software in the mainframe computer which the user, with screen and keyboard terminal, is attempting to access.

The software puts a multi-digit numerical "challenge" on the terminal screen which the user reads and keys into his Watchword, together with his personal identification number. The hand-held unit generates the correct solution to the challenge and the user keys it into the computer terminal, gaining access to the mainframe. Racal-Guardata claims the system is "highly resistant" to tampering.

TELEVISION CAMERAS using microchip imaging devices and costing from £1,000 have been introduced in Europe and the US by Sony.

One version uses a single chip, and is for basic industrial applications, while the other, with three chips, is for TV production and other high-quality applications. Both weigh just over 1 lb, measure nnly 6.50 x 2.50 x 2.75 inches, and take just nine watts from a 12-volt supply.

The three-chip unit has about two-third of the "lines per inch" definition of an equivalent tubed broadcast camera at the picture centre (520 instead of 750), but there is none of the customary loss towards the edges, where colour and registration are also better maintained.

Industrial applications expected include mobile security, robotics, defence, and in adverse environments in general. Sony in the UK is on 0784 61688.

Automatic cash withdrawal while at work

EMPLOYEE WAGES can be paid, or each employee can simply draw sums of cash on or near the shop floor or office, using an in-house cash dispenser from Inter-Innovation called MicroCash. Based on the company's Rapid Cash Till, adopted nationally by National Westminster for public dispensing, the Swedish-designed system uses magnetic stripe plastic cards.

A system with one dispenser costs £20,000, although up to 16 dispensers can be connected to the associated computer. Employees at The Bank of England, Swiss Bank Corporation and Mars Confectionery are, or soon will be using MicroCash. Inter Innovation is in Reading, UK on 0734 503121.

SOLAR POWER generation on a large scale is planned by Pacific Gas and Electric Company in California, writes Louise Kehoe from San Francisco.

The company plans to develop 10,000 kws of electricity using photovoltaic cells, which is enough for a community of about 10,000 people. Total cost of the project is put at $80m. PG&E together with Bechtel National proposes to fund the project with the Department of Energy and is seeking the congressional approval necessary for federal funding.

VIDEO TAPES are dispensed from a vending machine nperated by a plastic card, offered by Delver of Stratford-on-Avon, UK (0789 297000).

With the card and a personal identity number, the customer can nbtain one nr more tapes from a selection of over 1,000, by following simple instructions displayed on the machine's screen. But no tapes are dispensed befnre the status of the customer is checked by the machine's computer.

The advantage is the availability of tapes to customers nn a 24-hr, 365-day-a-year basis.

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Telegrams: Finantimo, London PS4. Telex: 8954871
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Summit words and actions

MR JAMES BAKER, US Treasury Secretary, claimed yesterday that the Tokyo Summit had marked the most significant development in international economic policy since the collapse of fixed exchange rates in 1973. He may be right; but if he is, it looks like being for the wrong reasons

There was nothing in the text of the summit communique, or even in the unattributable briefings from finance ministers and officials, to justify Mr Baker's grandiloquent suggestions of a new era of monetary co-ordination.

But the Tokyo summit could turn out to have been an exception to the established principles of political cynicism. For once, the summit leader's words may be running behind their actions, not ahead of them.

To Mr Baker's chagrin, references to specific actions through which "international co-ordination" might be achieved were systematically cut out of the summit communique.

But while this process of excision had been a source of pride and pleasure to the German delegation in particular, who in the markets could take seriously Chancellor Helmut Kohl's apparent belief that by watering down the US rhetoric, he has helped to preserve his nation's economic sovereignty and freedom of manoeuvre?

Certainly not the Japanese, who brought to the summit the same objectives as the Germans—to resist US pressure for more expansionary domestic policies and a cheaper dollar. The Japanese are openly disappointed.

Elementary lesson

Their exporters have felt the cutting edge of the trade and currency realignment which began a year ago. They understand that this process will continue apace unless the major trading nations attempt to moderate or control it. Japan accordingly leads the world in calling for co-ordinated intervention on the foreign exchanges.

But while Mr Yasuhiro Nakasone has gone one step further than the Germans in his appreciation of global economic interdependence, he, too, seems to have forgotten an elementary lesson of international economics. The currency intervention Japan would like to see is only one component in the package of monetary and fiscal measures which make up macroeconomic policy.

He can hardly expect the US Treasury to come to the rescue of Japanese exporters by propping up the dollar in the currency markets, if Japan refuses to open its own finance ministry's fiscal policies to international debate.

There is a standard cynical analysis of contradictions like these in the summit leaders' positions. Genuine economic coordination is even less likely today than it has been in the last few years, since the major nations' perceived interests are more at variance than they have been in a long time.

Last year, when the big five central banks launched a successful assault on the overvalued dollar, there was general agreement that a cheaper dollar was needed. Today there is no such consensus about appropriate exchange rates or any other aspect of economic policy.

However, for Europe and Japan to ignore the US calls for international co-operation on such grounds as these is both imprudent and unrealistic. Adjustments to global economic imbalances must eventually take place whether governments will them or resist them.

In the long-run there is no way for Germany and Japan to evade the choice between reflationary policies and further revaluations of their currencies against the dollar. As long as these countries' huge current account surpluses persist, they can must either accept the higher value for their currencies, or they will end up pursuing expansionary macroeconomic policies.

If they resist fiscal expansion, they will be forced to lower their interest rates. Even if Japan and Germany were to focus on currency intervention alone, they would find their domestic money supplies rising rapidly as they bought dollars and sold their own currencies.

In time, the Europeans and Japanese will realise that Mr Baker's call for monetary co-operation is an offer they cannot refuse. Eventually the US current account deficit and the corresponding surpluses in Germany and Japan will be narrowed.

The only question is whether the process takes place through a chaotic series of currency and trading crises or through a controlled monetary and fiscal realignment.

The sooner the world's leaders realise that this is the challenge before them, the greater the chances that they will make the right choice.

British science needs managing

BRITAIN is justifiably proud of its long record of scientific discovery and technical innovation, as measured for instance in Nobel prizes. But it would be hard to deny that Britain is failing to exploit that record nowadays.

Innovation, which is apparently well within the compass of Britain's expertise, talent and scientific base is being imported because Britain's trading rivals are bringing it to the market more quickly, more cheaply, better-made or—all too often—with all three advantages.

Meanwhile, areas of publicly funded science which contribute little in any direct way to the economy, such as high-energy physics and astronomy, are making large demands on the British science budget on grounds of scientific excellence.

It cannot be wholly coincidental that the same trading rivals—the US, Japan, West Germany, France, even Sweden with its cabinet committee which coordinates the nation's research—all have national policies of some kind for their pursuit of science. Britain has no coordination; just a number of disparate, big-spending bodies, all casting avaricious eyes at the budgets of one another.

That, at least, is the belief which underlines the latest report from ACARD, the independent Advisory Council for Applied Research and Development, now headed by Sir Francis Tombs, Rolls-Royce's chairman. This is a study of technical opportunities—the exploitable areas of science—carried out by a team led by Dr Charles Reece, ICI's research director. It rejects the notion widely held among British scientists, that research cannot be organised to deliver economic return.

Other countries do not believe this. They are deliberately charting their own support of science in the belief that its effective exploitation is too crucial to economic wellbeing to be left to chance.

Profitable innovation, of the kind Britain desperately needs to support its industrial restructuring, requires the matching of two sets of perceptions. One concerns what is possible in scientific and technological terms, and the other what is commercially desirable. The process of identifying exploitable areas of science must draw together these two perceptions, says the study, "creating a shared vision of the directions in which to develop this dimension of science policy, visions shared by industry, science and government which are based on continual dialogue and discussion."

Most important of all, the study concludes, it requires a commitment by all involved to achieve the promised return to the benefit of a strategic science policy.

This is not a view likely to win ready acceptance among academic scientists in Britain, who will still see easy solutions to their present woes in transfers of funds from other sectors of science, defence being the most widely coveted.

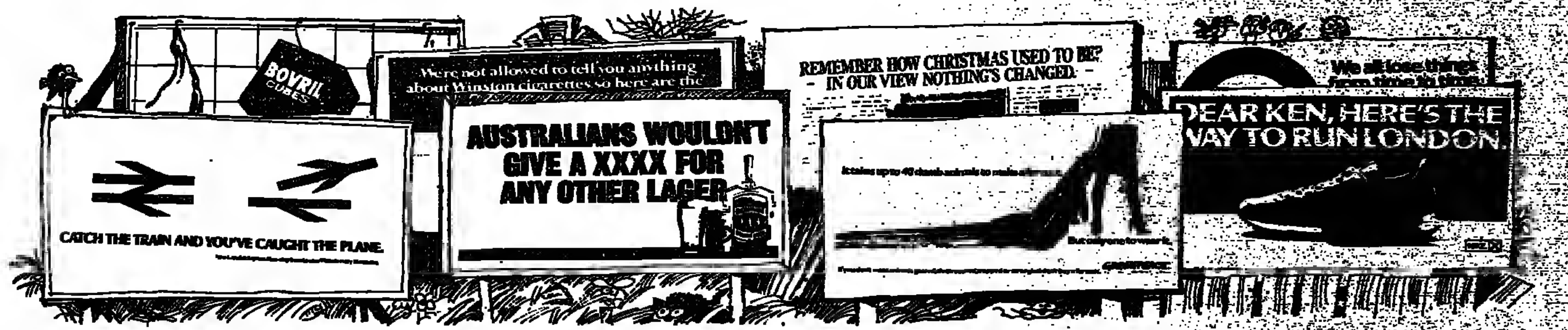
Where it is likely to win wholehearted suport, however, is with the House of Lords Select Committee on Science and Technology, to whose deliberations in 1982 the study can be traced; and with the government's new chief scientific adviser, Mr John Fairclough from IBM.

What the study proposes is that Britain set up something akin to Japan's long-term national plan for basic science, or France's national symposium; a forum where bodies which now see themselves (wrongly) as competing for shares of a national science cake can meet and debate matters under fixed rules and guidelines.

The forum proposed is essentially a think tank of "wise men" of science and technology, equipped with a data base that reinforces its grasp of the two sets of perceptions they must match.

The task of such a thinktank has already been stated succinctly by the government in its 1984 annual review of research in Britain. Stating that Britain's expenditure on R and D as a percentage of gross domestic product is sufficient, it calls upon science itself to make informed value judgments about the science it is pursuing.

In other words, its job should be to manage the national body of science — something Britain has attempted so far only in wartime.



Agencies catch the merger bug

by Feona McEwan

THESE are stirring times in the marriage-go-round world of advertising. In recent weeks, an unprecedented wave of headline-grabbing unions has reshaped the agency map dramatically and signalled a new phase in the industry's history.

The merger last week between three of the world's top 20 agencies, BBDO, Doyle Dane Bernbach and Needham Harper Worldwide creates what will probably be the largest group worldwide billing $5bn (£3.25bn) a year. Some days earlier, Saatch & Saatchi of the UK snapped up its eighth major US acquisition in 18 months, paying $50m for Backer & Spielvogel. Now Saatchi is talking again to Ted Bates, the large privately owned US agency which Saatchi has been courting on and off for at least 18 months.

In the scramble to top the pack, the campaign language has become overheated. "We aim to be nothing less than advertising's global creative superpower," Mr Allen Rosenshine, BBDO's chief executive officer, said last week.

In themselves, mergers in adland are nothing new. In the 1960s the American Interpublic group, the world's largest advertising agency group, blazed the trail by setting up a network of three autonomous and competitive agencies running round the world, united by a single holding company. Saatchi has developed the concept by diversifying into areas beyond the familiar communications zones of public relations, sales promotion and others, to include a management consultancy and market research network.

What makes news now is the pace of the activity. "It is a reflection of what has been going on in the business world generally," says Mr Frank Lowe, chairman of Lowe Marsachalk Worldwide, the dynamic British-based international network. "As competition gets fiercer and there is enormous over-production in the world, takeovers are an inevitable path to growth." Surplus capacity among ad agencies has been reflected in price cutting: in recent UK cases, a shaving of the standard 15 per cent commission to single figures is not unknown.

"It's panic," suggests Mr Ken Robbins, chief executive of SSC&B: Lintas's international division (an Interpublic agency). "In some cases, it looks like agencies huddling together for warmth to ward off predators." Doyle Dane, among others, was widely known to be a keen Saatchi target. Saatchi, it is widely acknowledged in both London and New York, is a major catalyst in the changes now under way.

"If you're not an agency with worldwide systems and worldwide clients," says Mr Barry Day, vice chairman of McCann - Erickson (also an Interpublic agency) you can fall into disrepair and end up being bought." Critical mass, goes the feeling, provides security and stability.

Mr Willi Schalk, president of BBDO International, lists a host of reasons for his own company's merger. "We believe that in the long run in order to stay competitive you need size, because size guarantees you can win, train, nurture, keep and pay the best talent in the business. And talent is a key factor that provides the quality and creativity on which agencies depend. It's not volume for volume's sake, in our case.

"Our vision at the end of the decade is of a league probably consisting of about five agency superpowers that together have a significant share of the advertising market. Importantly, they will be *groups*, like Interpublic, with one financial holding company, each running two or three separate global networks."

The new BBDO group, yet unnamed, will be structured this way with three autonomous legs, the two ad agencies (BBDO and then DDB-Needham) and the below-the-line group Diversified Agency Group (DAG) to encompass related marketing functions like sales promotion and public relations.

In some respects, as Mr Schalk says, the agencies cannot avoid bending to the pressures created by their clients. As more companies' brands sell globally and media, such as Cable TV, become more international, these pressures can only increase. Eighty of the 100 top American advertisers, notes Saatchi in its annual report, happen to be multinationals.

Traditionally the big accounts have settled in the big agencies, although leading advertisers will continue to use smarter, smaller domestic agencies, too. For a company like Unilever, which operates in 75 countries, streamlining its communications makes sense in terms of time, motion and cash. The bulk of its business rests with four multinationals agencies. "Rather than brief our management in detail in every country on our international advertising needs," says Mr Ken Fraser, Unilever's head of marketing, "we expect our agencies to carry this out for us. If we had one agency in France, another in Italy, and so on it would cost a lot of money to keep them all in tune. . . ."

Beecham has halved to three the number of its agencies; Beatrice Foods has cut back dramatically to four with Seagrams, Kodak, Olivetti, IBM and Colgate Palmolive doing likewise. Some 60 per cent of all multinationals now centralise their advertising managements, according to Saatchi.

The role of advertising also tends to grow in importance as products become more uniform — if they don't start out that way they are soon copied — and advertisers are increasingly recognising advertising as brand guardian. By shoring up the brand it generates added value that makes the consumer perceive a difference, where at times there is very little. That is the difference between Heinz baked beans and supermarket "own label" beans and the premium which attaches to Levis' jeans or Pedigree Chum dog food. Companies make products but people buy brands.

But more than anything, advertising must be creative, says Mr Lowe. "Twenty years ago, any old ad would do because the consumer was hungry for information, but in today's crowded market place, there is so much competition for consumer attention that creativity has a bigger part to play."

Certainly in the UK — reckoned by many to be about 10 years behind the US in advertising trends, though not in creativity — advertising has rarely enjoyed such status. Agencies now report a shift of interest in the advertising function to senior executive level. "Once it was the marketing director who was managing director of the board," says Mr Lowe, "now the managing director of the brand," says very often MD of the brand too." City interest in the sector has also undoubterly strengthened its standing

There are also some new markets for advertising agencies. Financial institutions, especially, have picked up the advertising habit with some vigour. In the current spate of contested bids, the air has been thick with ads from City heavyweights like Hanson Trust, ...The forthcoming city deregulation looks like delivering another new raft of financial advertiser to the industry's door; even the UK Stock Exchange has a campaign. Financial services advertising in the UK has increased in the last 10 years, from £30m in 1976 to £300m in 1985, according to Media Expenditure by Analysis (MEAL) figures.

On the political scene, advertising is also playing a growing role in Europe and North America. The Saatchis are well known in the UK for their Conservative Party campaigns and more recently the UK Labour Party, long ambivalent in its attitude to advertising, has indicated a stronger commitment as part of its latest image-boosting drive.

The biggest effect of all this on the advertising agencies is closer attention to finance, planning and good general management. "Once people talked about the admen who built the agencies, David Ogilvy and Bill Bernbach, the great admen, now they talk about them being well run businesses . . . ," says one agency chief.

Through these business plans, there runs a common imperative: growth. "You can't be small and good for long. . . . More than most businesses, ad agencies, I think, need to be seen to grow, to keep up a high profile and maintain morale," Mr Jeremy Bullmore, chairman of UK's Advertising Association and of J. Walter Thompson, London reckons.

But all this begs one very large question. Is there any point in agencies getting bigger? Do two or more separate entities ultimately make one unit, or do agencies function best when they grow organically? Handling the potential resentments, ego-wrestling, and fallout of clients and staff after a merger requires skilful management, especially in a people business where the quality of the product depends entirely on people getting along.

Professor Leonard Lodish of Wharton Business School of the University of Pennsylvania, himself a practising marketeer, shares these doubts. "I don't think there's a justification among larger advertising groups to their marketeers in terms of better advertising. The arguments put forward are economy of scale and multinational co-ordination but creativity may be lost when there are more channels required to approve work . . . Really great advertising can get stunted. It's certainly a challenge for management not to let this happen."

It is always a danger that fatter international agencies grow complacent in their local branches, or disheartened, if say, head office shows scant regard for its smaller domestic clients (multinationals clients are more profitable). Such a fate has struck a number of London agencies in the past, and delivered bright hungry younger shops with golden opportunities. Mr Schalk of BBDO anticipates an agency network that tackles creativity and effectiveness equally. "No group so far," he says, "offers both."

The issue of advertising effectiveness is something that absorbs agencies and clients increasingly. New technology enables advertisers to get nearer to isolating the advertising factor than before—by means of mathematical analysis known as econometric modelling—and a number of the bigger agencies are developing these techniques.

"There are a number of interesting things that could be done by these new groups in this area which I've heard nobody talking about yet," says Dr Lodish.

"A lot of research shows that if a company is offered a number of different creative alternatives to choose from, with good valid copytesting, he ends up with more effective work. Perhaps if some of the groups' subsidiaries were put into competition with each other to produce creative work, you'd get better results.

"They could spread the costs among clients, and improve copytesting, research, strategic planning and so on. People are losing sight of the fact that advertising is about changing people's attitudes and purchasing behaviour or it is nothing. More attention should be paid to this and less on bikes for people to ride their hobby horses on around the world."

In response to agency consolidation, clients tend to vote with their feet. When DMB&B merged last year, the London office lost more than £25m in billings. Already the new BBDO group appears to have lost Honda. This is not entirely unexpected, since the trio between them handles four car accounts — Volkswagen Audi, Chrysler and Ford Australia. . . .

But the big challenge remains to develop global reach and general business skills, without quenching the creative spark. For the super-agencies like Saatchi and the new US grouping, this means keeping the best people by offering high salaries and stock option schemes. It also means not interfering too much.

It is noticeable that in the most recent round of London awards to the industry, the names of the big groups continue to sit alongside those like Boase Massimi Pollitt, whose names are unknown to Wall Street.

Top advertising groups

Rank	Agency	Gross income ($m)	Billings ($bn)
1.	Young and Rubicam	536.0	3.58
2.	Ogilvy Group	481.1	3.22
3.	Dentsu	473.1	3.62
4.	Ted Bates Worldwide	466.0	3.11
5.	J. Walter Thompson	450.9	3.01
6.	Saatchi and Saatchi Compton Worldwide	440.9	3.03
7.	BBDO International	377.0	2.52
8.	McCann-Erikson Worldwide	345.2	2.30
9.	D'Arcy Masius Benton and Bowles	319.5	2.18
10.	Foote, Cone and Belding Communications	284.2	1.90

Source: Advertising Age

Men and Matters

Barons in business

Baron Empain, one-time head of the Franco-Belgian Empain-Schneider industrial empire, is teaming up with Lord Wilson, the former British Prime Minister, in his efforts to make a major business come-back.

Empain, who was at the centre of a sensational scandal when his private life was exposed after he was kidnapped and held for 63 days in 1978, has agreed with the ICE group, of which Wilson is a board member, to set up in Paris a French venture called ICE France-Chine.

ICE has specialised during the past seven years in promoting trade deals, technology transfers and joint ventures in China. The idea is for the French company run by Empain to do the same.

Empain and Wilson will be launching the new operation at Empain's new offices in the Avenue Kleber near the Arc de Triomphe in Paris next week.

The move is the latest in Baron Empain's efforts to re-establish himself prominently on the business scene. He left his industrial group, which controlled activities ranging from heavy engineering to telecommunications and construction, when details of his life as a heavy gambler were published after his kidnapping.

He kept out of the headlines until last autumn when he published a best selling biography, including an account of his kidnapping. He now runs a barter trading business, dealing with most commodities from oil to coffee, which is likely to fit neatly with his new Chinese venture.

"If enough of us don't pay for a car licence will they abolish that as well?"

No clouds

Something a little less alarming started out from Kiev yesterday — the annual international bicycle peace race. This time, the television cameras were there, scanning the crowded streets bathed, according to an East German sportscaster, in "beautiful summer weather."

Ten teams were entered, including all the Warsaw Pact countries and Cuba, with the Finnish team expected to arrive today.

But nearly all the teams expected from the West cancelled their appearances after the Chernobyl disaster. The announcer noted tersely that these "others" were not at the start-line but did not explain why.

The route of the peace race is Kiev-Warsaw-East Berlin-Prague. But the cyclists will not be pedalling from Kiev to Warsaw. Instead, they will race in and around Kiev for 330 km before flying to the Polish capital.

High life

Japan is now adding up its costs as host of this year's summit — and reckons it could be faced with a final bill more than five times the Y6bn (£24m) it paid for the 1979 Tokyo bash.

Beefing up the security has been the main reason for the increase. But it seems the appetites of journalists have also had an impact.

The New Otani Hotel began offering free meals to accredited journalists, estimating a demand for 4,000 a day. But after nearly 5,000 meals were consumed on the first day, the hotel was forced to cut its hours of service.

An FT correspondent, looking for a mid-afternoon snack yesterday, had to make do with Calorie-Mate, a *slimming* product being handed out free as a promotion.

For the thirsty, an "ion supply drink" was on offer under the less-than-appetising label of Pocari Sweat.

Razor sharp

Victor Kiam, the former US toothpaste salesman famed for TV advertisements extolling the virtues of his Remington shavers, had some sharp comments to make yesterday on the business environment for the company he chairs. "It is a David in a field of Goliaths," he said.

Kiam treated an American Chamber of Commerce lunch in London to a eulogy to free trade and the entrepreneurial spirit, with some kind remarks on British "true grit" thrown in.

US economic policies were, however, another matter. An environment had been created in the US, he said, in which manufacturers could not exist. What had happened there in the past four years was "a tragedy that will affect us for years to come."

Remington Products has been a private company since Kiam bought it in 1979 and he has kept its US factories going. But he claims he would have lost his job if he had tried to do that as the chairman of a public company.

Mum's the word

In an effort to win a respite in Austria's bitter presidential campaign, Dr Fred Sinowatz, the Austrian Chancellor and Socialist Party leader, has called for a "campaign free Mother's Day" next Sunday.

The first round of voting has been a bruising experience for Sinowatz's party with controversial candidate, Dr Kurt Waldheim, only just failing to win the presidency outright and increasing the Conservative vote in some of the Socialists' heartlands.

The second round, due at the latest on June 8, promises to be just as bitterly fought. Whether Sinowatz's call for a Mother's Day break will be heeded is uncertain.

Even Dr Rudolf Kirchschlager, the current President, found it impossible to calm the passions aroused by the campaign and the controversy over Waldheim's alleged Nazi past. His earlier call for a peaceful Easter weekend was widely disregarded by the politicians and even some clergymen joined in the fray.

Director named

What's in a name? In the case of a new glass developed by Pilkington's subsidiary in Argentina to control solar gain, the name had to combine the ideas of sunshine and insulation.

The South American management came up with "Sol-K." "K" is the symbol of thermal conductivity.

It sounds like sensible marketing until you say the name out loud. Then it becomes clear that the Argentines are engaging in the well-known management game of seeking favour with the man in head office.

The name of the Pilkington director in charge happens to be Sol Kay.

Observer

James Baker and US economic policy

Made in America, selling well abroad

By Stewart Fleming in Washington

THE TOKYO summit will probably be best remembered for its stand against terrorism, hut the meeting sbould also go down as another milestone in the career of Mr James Baker, the US Treasury Secretary.

Mr Baker, a 55-year-old lawyer and a politician to bis toenalls, bas speed-read the intricacies of international economics since taking over at the Treasury last year. Yesterday'a Tokyo statement looks like a useful addition to the string of initiatives in the field of economic diplomacy which Mr Baker has launched in tbe past eight months.

In that period he and his eminence grise, the 42-year-old Deputy Secretary, Richard Darman, have masterminded an activist foreign aconomic policy in the name of President Ronald Reagan which bas been no less assertive in its style than the military -response to Libyan sponsored terrorism.

An important difference between the two policy areas, however, is that to the evident relief both of America's industrial trading partners aod Mr Paul Volcker, the Fedcral Reserve Board chairman, Mr Baker has discarded the rigid free market ideology which underpinned the policies of his predecessor at the Treasury, Mr Donald Regan.

The key event was last September's agreement among the Group of Five industrial countries to devalue the dollar. Since then Mr Baker has helped to engineer two co-ordinated cuts in international interest rates. Last October be also launched in Seoul a revised strategy for tackling the Third World deht crisis.

As such, Mr Baker has emerged as the pre-eminent economic policy-maker in the White Honse. "Not since Henry Kissinger has a cabinet member combined such complete authority over a major policy area with such a clear vision of bow to nse it," wrote Mr Robert Kuttner, the respected economic correspondent of New Republic magazine in a profile last month.

What is far less clear, however, not least because he plays his cards so close to his chest, are the longer-term implications of this accumulation of power.

What, for example, is the significance of Mr Baker's rule in international economic policy-making for Fed Chairman Volcker, the man whose views have done more to sbape the evolution of the world economy over tbe past seven years than any otber individual? What convictions does Mr Baker have about the way the world monetary system ought to evolve, indeed do be or Mr Darman bave any very precise idea of where they are headed?

Mr Baker has emerged as the pre-eminent economic policy-maker in the White House

Of are they improvising brilliantly and making the most out of a particularly favourable climate which haa seen the economies of the major industrial countries converge around lower levels of inflation, and interest rates and steady growth rates at a time of falling oil prices.

Mr Baker's rise has not surprised those who watched him in 1980 first bead his close friend Mr George Bush'a campaign for the Repnblican Party presidential nomination and then out of the ruins of that battle, fashion an increasingly infinential position in the White Honse after President Reagan asked him to take on the job of Chief of Staff.

The fact that Mr Baker knew how the White House functioned has been an importaot factor. His move to the Treasury was accompanied by a reorganisation of the White House structure to concentrate a wide range of the adminislration of economic policy making in a newly constituted Economic Policy Council which he chairs.

He has also chosen his issues carefully, setting out consciously to make his name in the field of international economic diplomacy. Significantly, be has done this with a clear eye on domestic polities. His name is now associaled not only with the decline in the dollar which should help (mainly Republican) businessmen cope better with foreign competition, but also with the decline in interest rates.

Io sharp contrast, Mr Baker and Mr Darman bave kept well clear of the apparently intractable, and politically divisive, issue of how to reduce the federal budget deficit. "Their style is to push where chances are good for progress and stay away from losers," says Professor Henry Nau, a former White House economic adviser who is critical of Mr Baker'a decision to sidestep an issue which be maintains should be much closer to being resolved so late in the economic cycle.

Even tax reform, an issue in which Mr Baker was intimately involved before Christmas, aeems to have been occupying less top Treasury time as it bas continued its tortuous route through Congress. Mr Steven Smith, a political acientist at the Brookings Institution suggests that Mr Baker has recognised that tax reform is not going to be the political winner for the repnblican party that once seemed possible.

"Baker," aays one top official, "understands the political dynamics of economic growth."

It is partly the partisan political calculations nnderiying Mr Baker's thinking which are seen to distinguish the Treasury Secretary's motivations from those of the Fed chairman.

Since Mr Baker moved to the Treasury, the two men have worked very effectively together; a striking contrast to relations between the Fed and Mr Donald Regan's Treasury. They share broad areas of agreement on economic policy priorities.

Both see a role for co-operative government involvement in the international economie areoa and on Third World debt the two officials have worked hand-in-glove. Mr Volcker also shares Mr Baker's desire to see Japan and West Germany take decisive steps to accelerate their economic growtb, not least because that would remove some of the pressure on the Fed in economist David Hale's vivid phrase to "regard US monetary policy as an all-purpose international valium capable of curing every macro or micro-economic malady in the system."

But their differing roles and experience bave already shown up in differing interpretations of the economic oullook. Mr Volcker still expresses his concern about the Federal budget deficit and the danger of a loss of confidence in and "free fall" of the dollar.

Mr Baker, it seems, is much less concerned that the dollar could collapse, and sees inflation as very mucb under control. He senses that he is looking at a golden opportunity both to allow the US currency to depreciate without stoking up the inflationary fires and at the same time to put pressure on America's tradiog partners to grow faster. These developments would belp to reduce further the trade deficit, and diminish the threat of a politically-divisive protectionist fight in Congress while boosting the growth of the US ecooomy.

Some fear that already, by successfully making dollar devaluation so high a political priority at a time when many US financial institutions and Third World borrowers are poised precariously, Mr Baker has narrowed further the Fed's limited ability to lean against the inflationary wind should the US economy accelerate strongly or the currency fall in a way alarming to the central bank. Others express concern that the Treasury chief, with his emphasis on faster economic growth, is laying the foundations for a synchronised and ultimately inflationary world economic boom.

"Economic policy co-ordination," says a top Government economic policy official, "can be pushed too far."

But there is ample evidence, oot least in the evident German reluctance to succumb to American demands to grow faster and the summit's guarded endorsement of Mr Baker's latest initiative, that others share tbis view.

In part this scepticism reflects the recognition that Mr Baker will not be occupying the Treasury Secretary job for ever and that American policies may change just as dramatically again. Many expect him to quit next year if he decides, as most expect he will, that be wants to play an active role in the 1988 presideotial election. "Can Baker and Darman deliver the next Treasury or a framework for international co-operation which will survive them?" asks ooe official doubtfully.

Why Britain must resist the lure of the EMS

By Bryan Gould

THE PRIME MINISTER made it clear last week that the swelling chorus of support for full British membership of the European Monetary System does not yet include her.

She remains unwilling to hand over to the Bundesbank the ultimate power of decision over British economic policy; aod, now that we bave learnt to take a more relaxed attitude to the exchange rate, she is reluctant to return to the bad old ways by placing the pound under an EMS spotlight, with the atteodaot risk of a pre-election sterling crisis if the arrangement breaks down.

The Prime Minister may be unconvinced, but Britain's business leaders have no such doubts; they are now among the most enthusiastic supporters of EMS membership. Yet it is hard to see why this should be so. The assumed (though largely unproven) advantages to our export trade of exchange rate stability would necessarily provide a similar stimulus to imports; and sioce our imports of manufactures from the EEC are 50 per cent higher than our exports, it is hard to see that we would gain on the deal.

Even the CBI at its most Micawberish baulked at pegging the pound to the D-mark wheo the rate was touching DM4 to the pound. Now that tbe rate has slipped somewbat, they assure us, with cbaracteristic aod easy self-delusion, that we are now fully competitive with the Germans, aod can safely live with the current rate.

What are the facts? Our export prices for manufactures (and these are the only prices that matter) are now more than 30 per cent higher by comparison with German prices than they were ten years ago, and even then we were failing to compete. Anyone who believes that we can live with that loss of competitiveness against our most important competitors, let alone that we should entrench it as an act of deliberate policy, is resolutely refusing to face facts.

Moreover, the full extent of our competitive disadvantage is nnderstated by the conventionally used iodices. The index of relative export prices measures only those goods which we continue to be able to sell in International markets and which are therefore by definition competitive; it does not show the prices of goods which are no longer competitive and which, as a result, drop out of the picture altogether because they are no longer produced and sold.

Similarly, the various indices of labour costs and purchasing power parities give too favourable a picture, because they measure costs and prices across the whole economy rather than just in the internationally traded goods sector. It is in this sector that our rivals have established such a huge advantage because their cost performance here, reflecting the volumes they produce and sell, is spectacularly better than for their economies as a whole.

Even the CBI at its most Micawberish baulked at pegging the pound to the D-mark

The Japanese, for example, saw consumer prices rise by 384 per cent between 1952 and 1979 —not so very different from our own rise of 442 per cent. Over the same period, however, whereas our export unit values rose by 380 per cent, the Japanese figure was only 33 per cent —no wonder Japanese exports increased forty-fold. Too maoy supposed experts overlook this crucial point.

Some proponents of EMS membership are prepared to concede that we are not yet within striking distance of an appropriate rate at which to enter. But, they say, let us assume that we could arrive at such a rate; would there not then be considerable edvantage, in terms of stability and predictability, in joining?

The difficulty with making this assumption is that the whole point of joining the EMS is surely to prevent the exchange rate from finding the level at which it might make sense to join. The Chancellor, for example, having abandoned his other monetary targets in favour of the exchange rate, apparently believes that EMS membership is necessary if that target is to be maintained. In other words, EMS membership is one further way of trying to secure that age-old objective of British economic policy — the continuing over-valuation of the pound.

Let us leave aside the oddity (made much of by Professor Alan Walters) that maintaining the pound at a fixed rate within the EMS would, if the experience of other members is anything to go by, require gyrations in monetary policy and the use of exchange controls—both of which are presumably anathema to the Chancellor. Let us also overlook the Chancellor's apparent admission that he can maintain bis exchange rate target only by relying on the disciplines of the German Medium Term Fioancial Strategy—hardly a ringing declaration of confidence by the Chancellor in his own policy.

The real question is whether or not full EMS membership would benefit the real economy by enabling us to regenerate industry and tackle unemployment. The answer must be that it would not; indeed, it would be a positive obstacle to this objective.

This is because joining the EMS ensures that the unavoidable conflict between real economy objectives like full employment on the one hand and the exchange rate target on the other would always have to be resolved in favour of the latter. All aspects of policy—monetary, fiscal, interest rates —would have to be adjusted to accord with the exchange rate target. We should aeain repeat the wearyingly familiar course of having to deflate in order to protect the parity.

It is this trap into which so many British governments—including Labour governments —have fall in the past. Any government which hopes to avoid this trap will have to be clear that the true role of the exchange rate is to act like any other price—as a market-clearing mechanism which enables us to balance our trade while making full use of our resources. If the exchange rate is to fulfil this purpose and open up the way to expansion and full employment, both EMS membership and the mistakes of the past must be firmly resisted.

The author is Labour MP for Dagenham.

Letters to the Editor

Gas reserves estimates

From Mr J. Stern,

Sir, — My analysis of the natural gas reserve estimates in the 1986 Brown Book leads me to rather greater reservations about these statistics than are expressed in Dominic Lawson's article ("Sombre review of oil and gas," April 30).

The much-trumpeted increase of 6.2tcf (trillion (million million) cubic feet) in proven and probable reserves in 1984, turned into a decline last year of 2.9 tcf. Worse still, 93 per cent of the 6.2 tcf increase was in the probable category, while the same percentage of last year's decline was in proven reserves. What this means is that the reported increases in 1984 of additions to probable dry gas reserves in the Southern Basin and condensate reserves have largely been maintained (although there has been a small decline in the condensate figures).

Last year, proven reserves of dry gas, both in the Southern Basin and elsewbere, declined. In other words that part of the resource base which is cheapest and easiest to produce and about which we should bave the best knowledge, has declined significantly: It is easy to lose sight of this, amidst the dramatic upward revision of estimates of possible and undiscovered gas reserves reported in the Brown Book.

While it is understandable for the Government to maintain that the import of Sleipner gas from Norway would still have been rejected on the new figures, it is less and less easy for a neutral observer to support this. Dominic Lawson may be correct to say that it is in the Government's interest to create the best possible incentive to develop UK gas discoveries at a time of falling oil prices, but this was not the reason given for turning down Sleipner. The reason given was that the UK reserve base was adequate to support domestic demand up to the mid 1900s without imports. That assertion is looking increasingly untenable.

Jonathan P. Stern,
(Head, Joint Energy Programme),
Policy Studies Institute and Royal Institute of International Affairs,
10 St James's Square, SW1.

National pay scales

From the Managing Director, Reward Regional Surveys

Sir,—The Job Column of May 1 drew attention to the growing problems of maintaining national pay scales in view of the widening regional variations in living costs. It suggested that Reward recommends a reduction in pay to those in low-cost areas.

Nothing can be further from the truth. The main problem is bousing costs which are rising fast in the prosperous South-East and stagnating in many other area. This strains a national pay scale and creates vast variations in living standards among employees in the same job. We suggest that something needs to be done to reflect these problems.

The solution is not easy, but it can be either by an extension of the London Weighting principle, or by paying people in expensive areas further up each pay range (bnt retaining the basic structure), or by using a separate structure for each location which would reflect the local and national situation.

There is no obvious solution and each organisation needs to treat the problem independently with reference to their own problems, social policy and objectives.

R. F. Couldrey,
1, Mill St.,
Stone, Staffs.

Industrial copyright

From the Chairman, Industrial Copyright Reform Association.

Sir, — I refer to the letter from Mr D. W. Gee (April 29) and would appreciate an opportunity to clarify a few points.

The quotation regarding loss of jobs in the spare parts industry, which be attributes to me was, in fact made by Lord Lloyd of Kilgerran (bnt with which I completely concur). Lord Lloyd practised for many years at tha Patents Bar, and I am confident therefore that his philosophy is realistic. The whole point of the issue is that the profoundly sensible judgement of their lordships in BL-v-Armstrong rescued both the spare parts industry and the consumer from imminent peril, and defined that copyright protection in purely functional spare parts was never the intention of Parliament. Therefore the White Paper is threatening to introduce such protection by clear statute for the first tima. This is the danger area for job losses.

Also, I am sure Mr Gee is well aware that the compulsory licensing provisions written into the White Paper may prove almost impossibla to put into practice. It therefore invites the ludicrous spectre of manufacturers effecting token redesigns every 5 years simply to regenerate their monopoly. Exactly what the reaction of our EEC partners will be remains to be seen, but the proposals appear to re-establish our collision course with the relevant articles in the Treaty of Rome, which was so narrowly avoided recently by their lordships' judgment.

D. J. Plaster,
BCT,
Timmis Road,
Lye, Stourbridge,
West Midlands.

Let the Revenue decide

From Mr J. Hillyer

Sir,—The Chancellor's Budget may have included welcome tax concessions for charities but his *Finance Bill is a disaster.*

The reason for the complexity of the charity provisions in the bill is that it tackles two quite different problems. In the press release immediately following the Budget apeech, the need to prevent abuse by one form of avoidance, a device called "the company purchase scheme," was explained. That is a matter that deserves immediate attention and will command widespread support. What wa now see in the bill is an attempt to define what is to be regarded aa moneys applied for charitable purposes.

Those provisions have been included without the benefit of a Green Paper and consultation with charities which cover very diverse fields. Defects in drafting (and there are many instances in the bill) cannot cure fundamental flaws in the principles behind the Bill. There are two things to get clear. Philosophically, is it right to take no heed for tomorrow? Objection is taken to the accumulation of moneys rather than their immediate spending. To preserve the purchasing power of grants being made by a charitable trust, for example, requires some accumulation. The desire to create the resources needed to provide a building for clearly charitable use inevitably requires time. That is to be penalised. So is the switch of investments; the Bill defines what assets on reinvestment may qualify to avoid adverse tax consequences. This is an extremely dangerous path to go down.

There is a further fundamental, conceptual problem. The Accounting Standards Committee bas recently issued ED38 which is the draft statement of recommended practice on accounting by charities. The recommended accounting policy is the accruals concept. The Finance Bill is based upon the concept of receipts and payments. The ooe has its feet firmly on the grouod, and the other has its bead in the clouds. Such a disparity inevitably means timing mismatching. The borrendous consequences of that are all too obvious, and the uncertainty and chaos it creates are serious.

My suggestion to the Chancellor is therefore that he should postpone the legislation for one year to give time for consultation and to get the principles right before the drafting is attempted. In the meantime, he should take a Draconian temporary measure of giving the Inland Revenue a discretion to withhold relief.

John S. Hillyer,
Hill Vellacott,
21 Whitefriars Street, EC4.

Expensive to work

From Mr D. Fronklin

Sir,—Mr John Edmonds claims (April 30) that a single person on £100 per week salary pays £15.98 tax, £9 in National Insurance and averages £5 travel expenses. The Board of Inland Revenue Tax Tables on which our company has to deduct employees' tax and NI. calculates these figures to be £17.10 and £9.02 respectively.

Even taking Mr Edmonds's inaccurate net pay of £70.02, he and bis research department can receive confirmation from DHSS officea in south London that an unemployed single person living away from home can draw up to £70 in benefits. His incentive to work is precisely 2p per week.

Mr Edmonds also claims that the 500,000 unfilled vacancies are not job vacancies but a measure of turnover of jobs. It would be equally illogical to claim that the 2m registered unemployed of less than 12 months' duration are not unemployed but simply a measure of turnover of jobs.

He further claims that anyone advertising a new job will be deluged with applicants. There are almost 1m registered unemployed in the south east of England, yet a recent edition of a local paper lists 11 pages of 434 vacancies ranging from £3,000 to £8,000. Last year our company attempted to recruit a trainee manager. During the space of six months, the three job centres who handled our request, overwhelmed us with a deluge of six applicants. Five did not even bother to turn up for the appointment and the sixth met his terms of a three-monthly trial appointment by arriving for work at the correct time on three out of 10 working days.

Unless politicians, academics and trade union general secretaries face these facts, more people will be taxed into unemployment.

D. G. Franklin,
121 Kennington Rd, SE11.

FINANCIAL TIMES

Wednesday May 7 1986

Christian party gains convincing victory in Sabah

By Wong Sulong in Kuala Lumpur

CHIEF minister of the resource-rich east Malaysian state of Sabah, Mr Joseph Pairin Kitingan, led his Christian-dominated Party Bersatu Sabah (PBS) to a sweeping victory in the state elections yesterday on the back of a wave of anti-federal sentiment.

With results of 47 of the 48 contested seats declared, the PBS bad won 34, compared with 12 by the Moslem United Sabah National Organisation (USNO) and one by the Berjaya Party.

The victory is particularly gratifying for Mr Pairin on two counts. First, the PBS has proved convincingly that although Christian-led, it has been able to attract substantial numbers of Moslem voters.

In the previous elections last April, the party unexpectedly won power with 25 seats from mainly Christian Kadazan and Chinese constituencies, opening itself to accusations by the oppositioo USNO that it is anti-Islamic.

Second, PBS has secured a two-thirds majority in the state assembly (as ruling party, it can nominate six more assemblymen), giving it the crucial power to amend the state constitution. The party has said it wants to amend the constitution to prevent defections, a common feature in Sabah politics, thereby ensuring its rule.

The latest election was called to break the protracted deadlock which existed because the Muslim opposition parties and the federal government never fully recognised Mr Pairin's chief ministership and had obstructed his administration at every turn.

This culminated in a wave of riots, arson and bombings in Sabah during March, resulting in five deaths.

Since theo, anti-federal feelings have been high among Sabah's 1.3m population. The federal government in Kuala Lumpur is blamed for much of the political manoeuvring.

As an acknowledgmeot of sucb feelings, federal ministers refrained from campaigniog in the election for their coalition partner, the Berjaya Party, which also decided to use its own symbol instead of the federal banner.

Burroughs outlines bid strategy

Continued from Page 1

be quickly accepted." He termed the offer price "very attractive" and emphasised that the bid represented "a critical long-term strategic move – a move that is the beginning of the process of creating another really viable US-based multinational advanced computer systems manufacturer" to compete not only with IBM but as the second largest computer group in the world.

While Sperry has yet to respond – and has previously indicated its determination to remain independent – analysts noted that the $70-a-share bid, including 55 per cent in cash, would be difficult to top. They also noted that Burroughs, which unsuccessfully bid $60 a share for Sperry 11 months ago, has prepared its latest bid well. There was speculation that the Detroit-based group would go ahead with a hostile tender offer if Sperry rejected its latest advances.

Among the specific financing arrangements, Burroughs said it was seeking a $3bn bank credit facility to fund the cash portion of the bid. It had already received commitments totalling $1.5bn at standard commercial rates with an international group of banks led by Morgan Guaranty – including a $500m commitment from Britain's National Westminster group.

Boeing consortium wins $1.7bn helicopter deal

BY LYNTON MCLAIN IN LONDON

BOEING VERTOL and Bell of the US have joined forces to win a $1.7bn contract from the US Government to develop a helicopter with tilting rotors and wings that flies like an aircraft.

Boeing said yesterday that the US armed services have a requirement for just over 1,200 of the tilt-rotor aircraft, worth a total of $24bn.

The company has budgeted to spend $35m on the project between 1984 and 1987. It has carried out 6,600 wind tunnel tests on the project and built several critical components, including the complex equipmeot for tilting the wing.

Four UK companies have already won $1.2m of the initial development work. Dowty Boulton Paul at Cheltenham in Gloucestershire is working on the rudder actuator; Lucas Aerospace in the Midlands is developing the wing-stow rotation actuator to enable the wings to be folded on aircraft carriers; Flytsim of High Wycombe in Buckinghamshire is developing a simulator cab, and the British Hovercraft Corporation et Cowes on the Isle of Wight is working on the craft's flotation and hydraulic equipment.

The contract from the US Government is for full-scale development of the Boeing Vertol/Bell V-22 Osprey joint services tilt-rotor aircraft. The contract calls for the production of three aircraft for ground-based structural tests and six flying prototypes.

The first flight is expected to be in June 1988, Boeing said, with production deliveries likely to begin in December 1991.

The V-22 Osprey can carry 44 passengers and has two large contra-rotating turbine-driven propellers, one on each wing. For takeoff the wings are swivelled so the propellers rotate borizontally, as in e conventional helicopter. Once airborne, the wings with their propellers are turned through a right angle and propel the craft like a conventional aircraft. The procedure is reversed for landing.

The tilt-rotor concept is designed to enable helicopters to achieve much greater forward speeds, up to 300 knots compared with about 200 knots for conventional belicopter designs, Boeing said.

Growth of UK money supply exceeding Government target

BY GEORGE GRAHAM IN LONDON

UK MONEY supply bas been growing faster than the target set for it by the Government, the Bank of England said yesterday.

Sterling M3, the broad measure of money, grew in the April banking month by 3 to 3¼ per cent, bringing monetary growth over 12 months to 16½ per cent. Mr Nigel Lawson, the Chancellor of the Exchequer, set a target range of 11 to 15 per cent annual growth in his budget in March.

Mo, the narrow monetary measure, grew by around ¼ per cent in banking April, bringing its growth to 3¼ per cent in the past 12 months – at the lower end of its 2 to 6 per cent target band.

News of the rapid growth of sterling M3 failed to deter Loodon's money markets. Similar figures in the past might have stirred expectations of rising inflation and sent the pound tumbling. Yesterday, however, sterling remained firm and money-market interest rates barely moved.

The Government bas reduced the emphasis it places on sterling M3 as a determinant of its policy on interest rates. Many City of London analysts are also taking sterling M3 less seriously now, but they have not adopted the Mo aggregate, consisting mainly of banknotes and coins, favoured by the Treasury as a monetary target.

Mr Kevin Boakes, economist at broker Greenwell Mootagu, said: "I do not think anyone believes that these figures are going to inhibit any eventual reduction in interest rates."

In addition, the April figures bad been expected to show rapid growth as a result of increased borrowing by companies to pay for investments made before the end of March to take advantage of capital allowances. Although the figures were, in the event, even higher than most analysts had predicted, it was accepted that they had been distorted by corporate borrowing.

Bank borrowing in the April banking month totalled around £3bn ($4.6bn), the Bank of England said yesterday. In addition, a public-sector borrowing requirement of £1.4bn was not fully funded by sales of government securities and other debt to the private sector. That increased sterling M3 by a net £600m.

Separate figures from London and Scottish banks, bowever, showed that corporate borrowing to take advantage of capital allowances was not the only cause of increased bank lending last month. Lending to the persooal sector accounted for £712m of bank lending.

The pound ended the day in London with gains against most European currencies. Against the dollar, it lost ¾ cent from the previous night's New York close to end at $1.534.

Radioactivity levels in UK 'not harmful'

BY PETER RIDDELL IN LONDON

RADIOACTIVITY in Britain has been "nowhere near the level at which there is any hazard to bealth," Mr Kenneth Baker, the UK Environment Secretary, claimed yesterday in an attempt to allay public fears about the impact of the Chernobyl nuclear disaster.

Mr Baker, recognising increased public concern on the issue, put his reassuring message in the bluntest possible terms. "People are asking: is it safe to drink milk? The answer is yes. Is it safe to drink tap water? The answer is yes. And is it necessary for children to take iodine tablets? The answer is no."

Mr Baker said extensive monitoring of air, water and food would continue. According to recent samples, the level of radiation in the air was falling rapidly as the remnants of the cloud from Chernobyl moved away.

The level of radiation in milk, he said, was likely to decline over the next few days. He added that a close watch was being kept on imports of food into Britain from the Soviet Union and Poland. The imports were being stopped at the ports.

Mr Baker was generally supported by Tory MPs but came under pressure from opposition members to disclose more ioformation. He sympathised with a call from Dr John Cunningham, the Labour Party's environment spokesman, for information to be made available which would enable the public to make "simple numerical comparisons with existing background levels of radiation."

Mr Baker added that the likely total exposure would result in a very small additional risk to any one person. Exposure by inhaling the cloud or through the skin would only produce 1/10,000ths of the annual dose limit and was therefore no cause for concern.

Meanwhile, Mr John Dunster, director of the National Radiological Protection Board, – the Government's watchdog agency on public exposure to radiation – said yesterday that the risk to individuals in Britain from Chernobyl fallout was very small.

Radiation levels in Britain caused by the disaster were lower than those from normal background radiation from the ground and from outer space, which themselves contributed only a small part of the cancer risk to people.

But Mr Dunster said "a few tens" of people in Britain might die of cancer over the next 50 years as a result of the radioactive cloud.

Over this period, the total of deaths from cancer would run into millions, and there would be no way of knowing which had been caused by Chernobyl.

The board has estimated that about 30 people might die or bave died as a result of the Windscale nuclear plant fire in 1957, on the basis of pessimistic assumptions.

The board was having difficulty coping with the public demand for information yesterday.

In London, the Ministry of Agriculture bas set up a special operations room where scieotists and civil servants will collate information and answer queries.

In Scotland, north Wales and north-west England people were advised not to drink fresb rainwater for the next week although officials said normal water supplies and animals would not be affected by the levels of radioactivity being recorded.

Perkins to buy UK group

By Nick Garnett in London

PERKINS ENGINES, the British diesel engine manufacturing subsidiary of Massey-Ferguson, is buying L. Gardner and Sons, the small Manchester-based maker of eogines used mainly in buses, trucks and marine applications.

Perkins, based at Peterborough, said yesterday that the business would retaio the Gardner name and become a subsidiary of the Perkins group. Engines would continue to be sold as Gardner's througb its existing distribution network.

Further job losses were not expected at Manchester, wbere the workforce was being cut to 530 by a redundancy scheme announced last year.

Gardner has made losses in the past few years and seen its market sbare dwindle in the British truck market. For trucks over 29 tonnes, for example, its share is about 2 per cent, against 22 per cent for Cummins, the US engine maker. It had almost 2,500 employees five years ago but is now making only about 40 engines a week.

Mr John Devaney, Perkins' managing director said yesterday that Gardner's strength in the bus, beevy duty marine and some truck sectors complemented Perkins own range. "In Today's highly competitive market, only those organisations with a strong and wide-ranging product base will survice."

Gardner supplies 75 per cent of the UK proprietary (non-captive) engine bus market and Perkins has been looking to increase its penetration of the European bus and coacb industry.

In the marine business, Perkins engines mainly go into pleasure and patrol craft while Gardner has traditionally served the fishing industry.

The Gardner site also benefits from a modern flexible manufacturing system for crankcases, cylinder heads and blocks.

The purchase of Gardner, which has still to be finalised, will be Perkins second recent significant purchase. It bought the Rolls-Royce diesel engine making business in Shrewsbury two years ago, taking Perkins up the power bandings to 1,200 hp from its traditional medium and lower ranges which nffer diesels down to 3.5 hp. The Rolls-Royce name has been dropped.

Gardner's eogines range from 160 hp to 400 hp for the inter-cooled 6 LYTi.

This does nnt add to Perkins power range. However, the Gardner engines are unique in being very lightweight (using aluminium), fuel efficient and particularly low revving.

W. German industrial output falls 0.5% in month

By Rupert Cornwell in Bonn

WEST GERMAN industrial production declined in March for the second successive month, providing more fuel for the suspicion that growth will have to accelerate sharply in the near future if official predictions of 3.5 to 4 per cent expansion for 1986 are to be borne out.

According to data from the Economics Ministry yesterday, total manufacturing output dropped by 0.5 per cent, by the same amount as in February. Taken together, production over the two months was just f per cent above the corresponding perind of 1985.

The disappointing output returns took some of the shine off a substantial fall in unemployment last month, announced almost simultaneously by the Federal Labour Office in Nuremberg.

Although the total of jobless always shrinks in April as companies resume seasonal hiring after the winter, the unusually steep decline this time – of over 217,000 – provides some justification for Government claims that the labour market is at last improving.

Unemployment stands at 2.23m, or 9 per cent of the registered workforce, compared with 2.45m, or 9.8 per cent, in March. In addition, the number of people on short-time working fell by 78,700 to 216,000, while notified vacancies, at 157,000, stood 46,000 higher than a year ago.

But if the trend is to continue and predictions to come true that 500,000 new jobs will be created in West Germany this year, growth targets for 1986 will have to be met. The manufacturing data shows that while capital and consumer goods production is higher than a year ago, other sectors are mostly stagnant or, as in the case of the long-troubled building industry, in continuing slump.

Many leading companies, moreover, are reporting a sluggish performance in the early part of 1986 as domestic demand has failed to compensate for the increasing difficulties faced by exporters thanks to the revaluation of the D-Mark.

A clearer picture will only become available when figures for first-quarter GNP are publisbed in a few weeks' time. But if these are unimpressive Bonn could find itself again under a repeat of the international pressure which it has just fended off at the Tokyo summit to take stronger action to boost consumption.

Baker hails accords at Tokyo summit

Continued from Page 1

- To request finance ministers to review individual netional economic objectives at least ooce a year to see if they are compatible.
- To co-operate with the International Monetary Fund to strengthen multilateral surveillance.
- To ask the Group of Five finance ministers to include Italy and Canada, whenever the management or improvement of the international monetary system is to be discussed.
- To maintain and where appropriate expand official financial flows to developing countries.
- To halt and reverse protectionism and to reduce and dismantle trade restrictions.

Mr Baker and Mrs Margaret Thatcher, the British Prime Minister, also derived great satisfaction from the summit's recognition that agricultural surpluses and subsidies in the industrialised countries had become a big problem.

Neither would say that the plan to study ways inside the OECD of reducing both would necessarily avert a looming agricultural trade war between the US and the enlarged European Community. But Mr Baker thought there was greater awareness of the real danger of such a conflict and "a genuine desire to do something about it."

- Mr George Bush, the US Vice President, directly accused Syria yesterday of involvement in international terrorism and said he doubted the Tokyo Summit statement on the problem would cause Damascus to change its policy, Reuter reports from Washington.

The statement adopted by President Ronald Reagan and leaders of other Western industrial nations vowed to fight state-sponsored terrorism "relentlessly and without compromise," but singled out only Libya by name.

After a White House meeting with Mr Yitzhak Rabin, Israel's Defence Minister, Mr Bush noted that Syria was also on the State Department's list of nations which sponsored terrorism when be was asked by a reporter to evaluate its role in the problem.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	64	Dubrovnik	F	21	70	Malta	F	21	70	Rhodes	F	22	72
Algiers	S	25	77	Edinburgh	F	13	55	Manchester	C	13	55	Rio de J'o	S	31	88
Amsterdam	R	12	54	Faro	F	17	63	Manila	S	37	99	Rome	S	19	66
Athens	F	21	70	Florence	S	22	72	Melbourne	–	—	—	Salzburg	S	25	77
Bahrain	S	29	84	Frankfurt	S	21	70	Mexico City	–	—	—	San Francisco	C	17	63
Bangkok	C	34	93	Funchal	C	19	66	Miami	C	27	81	Seoul	S	24	75
Barcelona	S	18	64	Geneva	F	16	61	Milan	S	20	68	Singapore	F	30	86
Beirut	S	21	70	Gibraltar	–	—	—	Montreal	C	15	59	Stockholm	S	21	70
Belfast	C	11	52	Glasgow	F	12	54	Moscow	S	12	54	Strasbourg	S	22	72
Belgrade	S	22	72	Guernsey	F	12	54	Munich	S	22	72	Sydney	S	19	66
Berlin	S	23	73	Helsinki	S	22	72	Nairobi	F	25	77	Taipei	C	24	75
Biarritz	F	14	57	H. Kong	R	25	77	Naples	C	20	68	Tangier	C	19	66
Bombay	S	36	97	Innsbruck	F	24	75	Nassau	C	28	82	Tel Aviv	S	25	77
Bordeaux	C	14	57	Inverness	F	13	55	New Delhi	S	38	100	Tenerife	F	21	70
Brussels	F	17	63	Islamabad	S	39	102	New York	C	27	81	Tokyo	R	17	63
Budapest	C	23	73	Istanbul	S	16	61	Nice	F	17	63	Toronto	C	22	71
B. Aires	S	20	68	Jakarta	C	32	90	Nicosia	S	29	84	Tunis	S	23	73
Cairo	C	29	84	Jersey	F	13	55	Oporto	F	14	57	Valencia	F	24	75
Cape Town	S	23	73	Jo'burg	F	17	63	Oslo	C	13	55	Venice	S	20	68
Caracas	–	—	—	Lima	S	23	73	Paris	F	17	63	Vienna	S	24	75
Casablanca	F	20	68	Lisbon	F	15	59	Peking	S	28	82	Warsaw	F	20	68
Chicago	S	27	81	London	F	15	59	Prague	S	23	73	Washington	–	—	—
Cologne	C	18	65	Los Angeles	S	23	73	Reykjavik	–	—	—	Zurich	S	20	68
Copenhagen	S	17	63	Luxembourg	F	19	66								
Corfu	F	21	70	Madrid	F	15	59								
Dallas	–	—	—	Majorca	F	20	68								
Dublin	S	9	48	Malaga	F	22	72								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Dollar recovers

Continued from Page 1

some of their Monday gains. The Treasury long bond price was quoted at 120½ at lunchtime, down almost a full point, to yield 7.5 per cent.

Analysts said the summit had done little to strengthen the dollar's underlying position, although dealers were nervous about Bundesbank intervention if they sold the dollar too short.

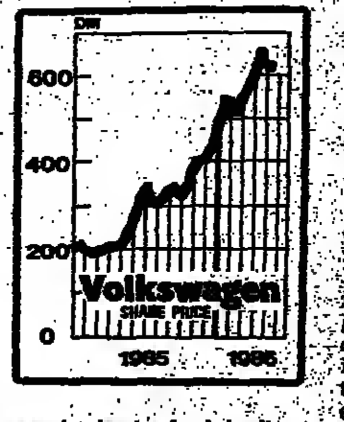
"I have learnt nothing from Tokyo to change my view that the dnllar is going down and will not turn this year," said Mr Geoff Dennis, international economist at broker James Capel in London.

THE LEX COLUMN

Clouds around the summit

No one really expected the Tokyo summit to end in more than statements about long-term economic co-operation. Given the strength of feelings over the main question – the level of the dollar and its effect on trade balances – between the Japanese and Germans on one side and the US with some support from the UK on the other, there was little chance of an agreement to support the dollar. The former protagonists did, however, show enough determination to intervene in favour of the US currency to send foreign exchange dealers running to cover any short positions yesterday. The upward move in the dollar could also have been prompted hy foreign interest in this week'a US Treasury auctions. But yesterday's rise in the dollar was already reversing late in the day and while Mr James Baker and the forces of free trade are both pushing the currency downwards any intervention will look like swimming against the tide.

Nor did the summit herald a concerted round of interest rate reductions. Only the Japanese of the main players have the scope and willingness to cut rates alone. The Germans see good domestic reasons not to cut rates – they take an overshooting money supply more seriously than the UK does. The US authorities, though happy to watch the dollar fall, do not want it to crash so interest rate cuts there may only come slowly. Altogether the summit was as divided as last September's G5 meeting was united. And that tempers hopes for wider co-operation in the future.



Money supply

When a rise of 3 per cent or more in sterling M3 causes only a wobble in the gilt-edged market it is clear that the news is not only well discounted but is also regarded as relatively unimportant.

The sharp growth in the broad monetary aggregates in banking April was admittedly easy to explain away. As in banking March and this time last year, the rush by companies to spend before the financial year's end to make the most of capital allowances is a neat excuse for the strong growth of bank lending. And it is one which promises an early end to the rise.

But there are causes for concern in the figures. Specifically the increase in clearing bank lending to the personal sector at £712m is high and, though partly seasonal, is not likely to subside as quickly as corporate borrowing. More broadly, there are fears, which the Bank of England is stressing, that the current high level of liquidity might flow away if interest rates fall. If that money fuels spending or is shipped abroad, taking the pound down, the result would be inflationary. Money figures in themselves might mean little to the gilt-edged market, but underlying monetary economics should not be ignored.

Burroughs/Sperry

It is amazing what a difference $10 can make. When Burroughs was arguing last year for a merger valuing Sperry at $60 a share, Wall Street was scarcely more enthusiastic about the idea than Sperry itself. But $70 a share is another matter altogether. Yesterday, the Sperry price traded within about a dollar of the new offer while Wall Street signalled its approval of the deal by adding 6 per cent to the market capitalisation of Burroughs.

Having failed to convince everyone of the merits of a merger last year, Burroughs is leaving nothing to chance second time round. The company's chairman, Mr Michael Blumenthal, has been touring the institutions like a latter-day Sir Hector Laing, invoking the national interest as well as the big is beautiful principle in support of his cause. Sperry may extract a few dollars more as a reward for going quietly, but it is by no means certain that Burroughs would need to sweeteo its terms in the event of a contested takeover.

While the notion of putting together two independent mainframe manufacturers is appealing on paper, it only goes a small way towards tackling the problem of IBM's market dominance. Burroughs and Sperry reported combined 1985 earnings of $535m; IBM made $6.6bn. Moreover, the Burroughs terms value Sperry at just over 14 times historic earnings, almost exactly the multiple on which IBM trades. Even Sperry's greatest fan would not suggest that the group matches IBM for earnings quality, so Burroughs must be hoping to justify what looks a full price through the elimination of duplicated costs.

Yet, for the moment at least, Burroughs is proposing to maintain two separate mainframe product lines, together with separate sales forces and customer bases. Given the problems that Honeywell and Univac have encountered in integrating dissimilar systems, that may be the correct approach. But it also deprives Burroughs of the most obvious economies of scale. The uncomfortable truth may be that competing with IBM is a heads and tails you lose proposition.

Volkswagen

The Volkswagen of 1986 is disturbingly reminiscent of the VW of 1979. Volume car profits have been restored – yesterday the group reported an increase in earnings from DM 228m to DM 595.6m and confirmed that it was doubling its dividend to DM 10 – and so has the balance sheet. Seven years ago VW celebrated its return to health with the acquisition of Triumph-Adler, by any standards one of the worst takeover decisions ever made. Now VW is planning to sell Triumph-Adler and buy Seat of Spain, which even VW concedes may lose money for the next five years.

Undaunted, the German group is planning to spend $3bn or more on its new subsidiary over the next decade. VW may encounter some of the same difficulties met by Peugeot when it took on the European operations of Chrysler but the deal does look a good deal more sensible than the Triumph-Adler purchase. As the US giants have discovered, Spain is a low cost centre for compact car production and VW is short of capacity.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday May 7 1986

BMW plans to raise DM 555m

By Jonathan Carr in Frankfurt

BMW, the West German car and motor cycle maker, proposes to raise DM 555m ($257m) through a one-for-four rights issue and to maintain a 25 per cent dividend for 1985.

The rights issue would raise basic capital from DM 600m to DM 750m, with the new shares of DM 50 nominal value on offer at DM 185. They will be eligible for one half of the 1986 dividend.

The unchanged dividend of DM 12.50 per DM 50 share will mean a total payout of DM 150m. A further DM 150m will be added to disclosed reserves.

Last year BMW increased its 1984 dividend from the 1983 level of DM 11 plus a DM 1 bonus, after raising parent-company net profit to DM 330m from DM 288m.

So far 1985 profit figures have not been announced. Group sales revenue rose by 9.7 per cent to DM 18.1bn, and motor vehicle production was up by 3.1 per cent to 445,000. BMW's domestic market share dropped to 6.2 per cent from 6.8 per cent in 1984.

Paul Taylor and Terry Dodsworth on the proposed merger in the US computer industry

Burroughs tries again to gain control of Sperry

MR Michael Blumenthal, the former Carter Administration Treasury Secretary who left politics to mastermind the turnround at Burroughs, is a man of enormous determination. Confident, collected, smoking his habitual cigar, the 60-year-old Burroughs chairman outlined his $4bn bid for rival Sperry as though it was the most logical deal in the world. Yet less than a year ago his first attempt to snare Sperry fell to pieces.

This time Mr Blumenthal has fashioned an offer clearly designed to put the maximum pressure on Sperry's management. His $70-a-share return bid for Sperry, kept surprisingly secret in today's leaky Wall Street, is at a substantial premium, offers shareholders 55 per cent in cash, and is backed by hefty pre-arranged bank financing that will allow a great deal of flexibility if the offer is contested.

To cap it all Mr Blumenthal, not forgetting his Washington lessons in the art of presentation, is making an exceptional appeal to America's industrial patriotism. A key element in his rationale for the proposed merger is that the nation should not rely upon one dominant giant computer group alone, IBM, to carry the international technology battle forward.

"The national interest will be served by the advent of a stronger US-based competitor in world markets. The international success of American information technology requires enterprises of substantial size and scope and an industry structure that reflects the nation's historic commitment to pluralism and vigorous competition.

"It is not characteristic of America to pin its national interest to a single corporation. Nor is it reasonable to expect foreign governments or foreign markets to accept domination by such a corporation. The new company will bring new competition, diversity and freedom of choice to marketplaces both in the US and abroad."

It is extremely rare in the US mainframe computer industry to find senior executives willing to go public with such a bold and forthright attack on Big Blue, but Mr Blumenthal's arguments strike right at core of the problem facing the non-IBM mainframe manufacturers.

The five non-IBM US mainframe machine markers, collectively known as The Bunch, an acronym they hate, have found themselves caught in the crossfire between an aggressive and increasingly dominant IBM and the Japanese mainframe computer companies which IBM sees as its chief rivals. As Burroughs points cut, the marketplace for information systems has been a quasi-monopoly for several decades. IBM, with annual revenues of $50bn, is larger than the next 13 competitors combined, claims 70 per cent of industry profits and dominates virually every market segment.

Burroughs' strategy, first highlighted in last year's rebuffed $60-a-share merger proposal for Sperry, is to leapfrog the competition through acquisition. The aim is to create a broad-based computer group with a sufficient size to stand some chance of competing with IBM in research and development, marketing and manufacturing economies.

If Mr Blumenthal's grand strategy succeeds this time, the new combined company – which he intends to rename – would overtake Digital Equipment Corporation (DEC) to become the world's second largest data processing group.

The new company would have 120,000 employees and total annual revenues of $10.5bn including in excess of $8bn from information systems, with the remainder coming from defence electronics and aerospace.

While Mr Blumenthal said he intended selling off a substantial amount of assets – totalling around $1.5bn – to help pay debt assumed in the planned merger, he emphasised that defence and electronics, a historical Sperry strength, would remain an important second string to the group's basic computer business.

In the information systems business the two companies appear on paper to be a good match. Sperry, which has sold off much of its non-computer businesses, including its Vickers hydraulics and New Holland farm equipment businesses, boasts the second-largest installed mainframe base to IBM. Together the two companies would have a combined installed mainframe customer base of more than $30bn.

More crucially, both companies have been rapidly expanding sales of smaller machines such as desktop personal computers and multi-user minicomputers some bought in from outside suppliers. The combined company would also receive about 35 per cent of its annual revenues from outside the US, the segment of the worldwide marketplace which has held up best in the present industry-wide slowdown.

Clearly Mr Blumenthal needs to give such assurances at this stage to appease the two companies' existing mainframe customers. Indeed Wall Street analysts believe the big challenge facing a new merged company would be to retain existing customers and reassure them that their hefty investmens in hardware and software will be protected.

Whether the merged company could continue to support two distinct mainframe product lines indefinitely while achieving the sort of cost savings Mr Blumenthal envisages must remain open to question – but for the moment at least Burroughs believes it can succeed where others have failed.

Mergers between mainframe makers in the past, including Sperry's own acquisitions, have not been outstandingly successful, in part because of the particular problems of maintaining and updating more than one line of incompatible mainframe machines. This issue, together with Sperry's new management's apparent determination to go it alone as an independent, was a key factor in the failure of last year's merger talks between the two companies.

For the time being, he claims, it will be possible to find economies worth between $150m and $200m a year merely by trimming back administrative overheads, sharing procurement, amalgamating the field support operation and making more efficient use of factories.

Wall Street's other main doubt will be whether even a combined Burroughs and Sperry really would have the critical mass to compete on the one hand with IBM and on the other with the Japanese.

Mr Blumental's strategy for Burroughs is clearly to grow and grow fast, both by expanding its product range and through a giant acquisition leap. However, even with over $10bn in revenues, the new company would be just a fifth of the size of IBM, and its combined $700m in annual R and D spending would be dwarfed.

For his part Mr Blumenthal insists: "The merger represents a unique opportunity – a chance to unite our streogths with those of another pioneer in information technology. For better or worse this could be the beginning of restructuring within the industry."

Nokia plans FM 360m rights

By Kevin Done in Stockholm

NOKIA, Finland's largest publicly traded industrial group, is planning to raise FM 360.2m ($72.5m) through a one-for-four rights issue.

The issue will be the largest ever by a Finnish industrial group. It follows closely on the heels of a private placement made by Nokia last month to international investors, chiefly in the US, which raised a further FM 295m.

Mr Kari Kairamo, chairman and chief executive, says the group needs to strengthen its capital base further to allow for future growth and development in international markets.

As part of a drastic structural change begun in the 1970s, the group is moving the focus of its operations towards high technology, particularly electronics, and away from traditional areas such as rubber and forest products.

Nokia is also proposing a five-for-one share split, which will reduce the nominal value of a share from FM 100 to FM 20.

The rights issue will be made on the basis of a five new FM 20 shares for four old FM 100 shares.

The company is moving quickly to take advantage of the recent jump in its share price, which has seen the free shares – those that can be bought by foreigners – rise by around 40 per cent over the last month, helped by the announcement of a 58 per cent increase in profits last year.

The free shares are now trading at premium of around 50 per cent compared with the restricted shares.

The company is forcing holders of free shares to pay a considerable premium for the new shares compared with domestic holders of restricted shares, a practice that has attracted serious criticism from foreign investors in other recent Scandinavian share transactions.

SEC ruling blow for small oil companies

By William Hall in New York

US Securities and Exchange Commission (SEC) has decided not to allow oil and gas firms a temporary reprieve from an accounting rule that requires them to write down the value of their oil and gas reserves if their book value exceeds their current market value.

The SEC's decision to reject a recommendation by its own accounting staff is a tough blow for some 250, mostly smaller US oil and gas companies, which use so-called full-cost accounting rules. The ruling is not expected to affect the US oil majors which follow different accounting rules for their oil and gas reserves.

The SEC's accounting staff had recommended allowing companies to defer writedowns until the end of the year, but the five SEC commissioners yesterday unanimously voted down the recommendation in the interests of "consistency."

The recent collapse in oil prices has caught many companies by surprise.

Bayer suffers drop in D-Mark sales but profits are resilient

BY RUPERT CORNWELL IN LEVERKUSEN

BAYER, the leading West German chemical concern, has witnessed a substanbial drop in D-Mark denominated sales – but not profits – as a result of flat domestic sales and the sharp decline in the dollar in the first quarter of 1986.

The sales downturn after the record year of 1985, when pre-tax profits jumped to DM 3.15bn ($1.4bn) on sales of DM 45.93bn, mirrors the experience of other top chemical concerns. According to the Chemical Manufacturers Federation in Wiesbaden yesterday, overall industry turnover was 3.7 per cent down in February on a year earlier, and the decline is believed to have accelerated in March.

According to Mr Hermann Josef Strenger, Bayer's chief executive, the sales decline in the first three months, which in volume terms hit 2.2 per cent for the parent, Bayer AG, stemmed from caution on the part of customers in the expectation that product prices might fall further as a result of the collapse of oil and other raw-material prices.

The drop, in D-Mark terms, is steepest, however, at group level. Worldwide sales declined by 12.2 per cent to DM 10.6bn. Although sales volume in many areas was likely to show "interesting" increases, those would be inevitably more than wiped out when proceeds were converted back into D-Marks. A year ago, Mr Strenger pointed out, a dollar bought over DM 3: now the rate was around DM 2.20.

However, profits have been much more resilient. Worldwide, pre-tax earnings slipped only 1.2 per cent to DM 810m over the period, while those of Bayer AG, of whose DM 17.5bn annual sales only 10 per cent are dollar-denominated, showed a 6.3 per cent advance to DM 420m from a year earlier.

Mr Strenger indicated that for 1986 as a whole, Bayer would turn in "high" profits, although he gave no detailed forecast. The world economic outlook remained favourable, and he expected sales volume to grow later in the year, as buyers dropped their present inhibitions. But he would not be drawn on dividend prospects, after the DM 10 payout per DM 50 share for 1985.

Bayer's underlying optimism emerges from its investment plans. Capital spending reached DM 2.1bn in 1985. This year DM 2.2bn of outlays are scheduled and DM 2.3bn has been budgeted for 1987. Spending is targeted above all in the sectors of maximum growth potential, notably agricultural chemicals, pharmaceuticals and Bayer's Agfa-Gevaert subsidiary.

Mr Strenger also confirmed the group's plans to withdraw completely from the rubber industry. Bayer has already sold its interests in Conti-Gummi, and in Metzeler Kautschuk GmbH to Pirelli of Italy. It now intends, with the collaboration of Deutsche Bank, to dispose of its 25 per cent stake, worth around DM 50m, in Phoenix AG of Hamburg.

SGS turnover rises 8.4%

BY WILLIAM DULLFORCE IN GENEVA

SOCIETE GÉNÉRALE de Surveillance (SGS), the Swiss inspections service group, has started the year well with an 8.4 per cent increase in turnover in the first quarter compared with the first three months of 1985, Mr Marc-André Chargueraud, its chief executive, said yesterday.

Last year SGS boosted its gross revenues by 31 per cent to SFr 1.5bn ($820m) and made net consolidated earnings of SFr 95.8m, ahead of the 1984 result by 18.4 per cent.

The parent company in Geneva reported a net profit of SFr 68m, showing an increase of 12.5 per cent, and the board proposes to raise the shareholders' dividend from SFr 70 to SFr 82 per share and per bon de jouissance.

The total payout of SFr 36.8m on the expanded share capital is 40 per cent larger than that paid in 1984.

SGS, now the world's largest privately owned quality control and inspection company, started to expand aggressively and open up for public subscription to its capital only five years ago.

For the first time last year it offered registered shares to the public as well as the non-voting bon de jouissance which carry no nominal value.

The 1985 annual report published yesterday shows an increase of SFr 208m to SFr 1.39bn in total assets while shareholders' equity grew during the year by SFr 122m to SFr 418m.

A marked feature of SGS's recent expansion out of its traditional commodity and farm product business has been the strong growth in its operations in industrial products.

MacMillan to restore payout

By Our Financial Staff

MacMILLAN Bloedel, the Vancouver-based forest products group, has restored a 25 cent-a-share cash dividend on its common stock after reporting first-quarter operating net profits of C$21.2m ($16.3m), or 68 cents a share, compared with a loss of C$3.7m, or 12 cents.

Sales rose from C$538.6m to C$613.2m, and the latest profits exclude a $45m extraordinary gain on a Dutch asset sale.

● An investment group led by Minneapolis investor Irwin Jacobs has raised its stake in Enron, the US energy group formerly known as HNG/InterNorth, to 10.2 per cent.

● RJR Nabisco, formed from last year's merger of R. J. Reynolds and Nabisco Brands, has agreed to sell its frozen food business to ConAgra, the Nebraska foods and agricultural products group.

● First Oklahoma Bancorp, which has been hit by deteriorating energy and property loans, has reported a first-quarter loss of $45.4m compared with net profits of $2.5m, or 25 cents a share, a year earlier.

● Wickes Companies, the building materials retailer foiled recently in a bid for National Gypsum, has agreed to buy W. R. Grace's home centres and Orchard Supply Hardware divisions.

Austria to abolish interest tax

BY PATRICK BLUM IN VIENNA

AUSTRIA'S Government is to abolish its controversial tax on interest on securities and bank deposits, Dr Franz Vranitzky, the Finance Minister, said yesterday.

The move was prompted by a Supreme Court decision in March that ruled that the tax could be offset against income tax, thereby negating some of the advantages to the Government in having the tax in the first place.

Bankers in Vienna said the move would help to revive the domestic capital market and encourage Austrian investors to buy more domestic bond issues. The measure will be effective from July 1.

A flat-rate tax of 7.5 per cent was introduced in January 1984 by Dr Herbert Salcher, then Finance Minister. It was reduced to 5 per cent by Dr Vranitzky in 1985 but it remained widely unpopular. Its introduction adversely affected the domestic market, savings accounts stagnated and demand for foreign bonds and securities grew.

The purpose was to tax the proceeds of money deposited in anonymous accounts and never declared for tax, but it has brought only limited returns to the Government. Revenues from the tax were Sch 402m ($28m) in 1984 and Sch 3.4bn in 1985.

After the court's decision, it was felt that maintaining the tax was unproductive.

It is hoped that the move will ease pressure on the banks, which will need to raise large amounts of new capital to meet targets set in a new banking law to be presented to parliament by the summer. The law aims to make Austrian banks more profitable and more efficient. It will require banks to raise their capital ratios to 4 per cent of balance-sheet totals within five years

Warning for nationalised groups

BY PATRICK BLUM IN VIENNA

COMPANIES in the OIAG group, the holding company for the bulk of Austria's nationalised industries, have until 1990 to return to profits or face closures, Mr Ferdinand Lacina, the minister responsible for the nationalised industries, said yesterday.

Mr Lacina's statement is seen as a warning to some of the large loss-makers within the group that they must put their houses in order. Last year Voest-Alpine, the steel, engineering, electronics and trading group and the largest of the OIAG companies, made a record loss of more than Sch 11bn ($715m), partly as a result of speculation on the oil markets and partly through failed diversification plans.

A new management team was subsequently appointed to head the company and to prepare a new strategic plan. Mr Lacina said he expected the plan to be ready by the end of June at the latest.

The ministry said yesterday that new negotiations were expected soon on selling a loss-making microchip plant in Graz owned jointly by Voest and American Microsystems (AMI) of the US.

Mr Lacina said he hoped the smaller companies within OIAG would raise more of their funds on the capital markets rather than rely on government subsidies.

The Government supports nationalised companies' joint ventures with foreign concerns but there were no plans for large-scale privatisation, the ministry said.

Canadian copper deposit sparks dispute

BY BERNARD SIMON IN TORONTO

THREE leading Canadian mining companies, the Government of Kuwait and the German metals group Metallgesellschaft have become embroiled in a dispute over the mining of a valuable copper deposit in southern British Columbia.

The disagreement, based on both legal and ethical grounds, stems from an arrangement earlier this year between Cominco of Vancouver and Lornex Mining, a subsidiary of the Toronto-based group Rio Algom, to pool their mining and milling operations in the Highland Valley, about 200 miles east of Vancouver.

The combined operation would be one of the world's largest copper producers, with an annual output of more than 400m lbs of concentrates, as well as sizable quantities of silver, gold and molybdenum. Costs would be among the lowest in North America.

The Cominco/Lornex transaction has angered the Vancouver-based gold and coal mining group Teck, whose 50 per cent-owned Highmont mine and mill are located in the same area. The Kuwait investment office and Metallgesellschaft have interests of 30 per cent and 20 per cent respectively in the Highmont operation. The German company also has a 16 per cent shareholding in Teck.

Teck claims to have agreed with Lornex that the two companies would either jointly pool their Highland Valley facilities with Cominco or not co-operate with Cominco at all.

The viability of all three operations depends on the economies of scale that can be achieved by pooling mill equipment and disparate ore grades. Cominco has a high-grade ore body, but needs access to either the Teck or Lornex mill. Teck closed the Highmont mine in October 1984, but was keen to put its mill into a joint venture. Teck's position is complicated by its 21 per cent equity interest in Lornex. A Teck official said the company felt duty bound to press Highmont's claim on behalf of the German and Kuwaiti shareholders.

Mr Norman Keevil, Teck's president and chief executive, said that "we have to take a hard line."

Teck has proposed an out-of-court settlement, but its terms have been rejected by Cominco. A Lornex official said the dispute was "a pretty sensitive thing at the moment." He said: "Our legal advice is that they [Teck] have no right of action."

The agreement between Cominco and Lornex has not yet been finalised.

AB ELECTROLUX

NOTICE OF ANNUAL GENERAL MEETING

The ANNUAL GENERAL MEETING of the Company will be held at Skandinaviska Enskilda Banken, Kungsträdgårdsgatan 8, S-106 40 Stockholm, Sweden, on Thursday May 22, 1986, at 3.00 p.m.

Agenda

A Ordinary business

Matters prescribed by the Swedish Companies Act 1975 and by the Company's Articles of Association including, inter alia, the presentation of the annual report and accounts and the auditors' report on the Company and of the consolidated annual accounts and the auditors' report on the Group; resolutions on the adoption of the profit and loss statement and the balance sheet and of the consolidated profit and loss statement and the consolidated balance sheet and on the appropriation of the Company's profit according to the adopted balance sheet; and resolutions on the Directors' and the Managing Director's discharge from liability and on the election of Directors, Deputy Directors, Auditors and Deputy Auditors.

B Special business: amendment of the Articles of Association and authorisation to issue new shares.

A proposal by the Board of Directors to amend Article 4 of the Articles of Association to the effect that the share capital of the Company shall be not less than SEK 1,500,000,000 and not more than SEK 6,000,000,000.

A further proposal that the Board of Directors be authorised until the next Annual General Meeting of shareholders to increase the share capital of the Company by a new issue of not more than 8,000,000 Free B Shares of SEK 25 each of the Company, such issue to be placed internationally, and that existing shareholders' pre-emption rights in relation thereto be disapplied.

As stated in the annual report, the reason for the proposed authorisation is to enable the Company at an appropriate time to strengthen the Group's equity base after its acquisition of White Consolidated Industries, Inc. The proceeds of the issue will be applied to the repayment of the foreign currency borrowings made by the Company to finance the said acquisition. Foreign exchange regulations require that the issue be placed outside Sweden, which necessitates a disapplication of shareholders' pre-emption rights.

Attendance at the meeting

Shareholders wishing to attend the meeting must be registered in the share register maintained by Värdepapperscentralen VPC AB not later than Monday May 12, 1986. In addition, they must notify the Company of their intention to attend the meeting not later than 4.00 p.m. on Tuesday May 20, 1986, either in writing to AB Electrolux, Dept. C-J, S-105 45 Stockholm, Sweden, or by telephone on 010 46 8 7386793.

Shareholders whose shares are registered in the name of a nominee, such as the trust department of a bank or a stockbroker, must temporarily have their shares registered in their own names by Värdepapperscentralen VPC AB not later than Monday May 12, 1986 to have the right to vote at the meeting.

A shareholder may attend and vote at the meeting in person or by proxy but in accordance with Swedish practice the Company does not send forms of proxy to its shareholders. Shareholders wishing to vote by proxy should submit their own forms of proxy to the Company.

Dividend

Provided that the meeting resolves to adopt the proposal of the Board of Directors, it is anticipated that the dividend will be distributed by Värdepapperscentralen VPC AB on Tuesday June 3, 1986. The record date for the dividend will be Tuesday May 27, 1986.

Stockholm, May 1986
THE BOARD OF AB ELECTROLUX

INTERNATIONAL COMPANIES and FINANCE

Jonathan Carr in Frankfurt on problems following a DM 2bn merger

AEG future poses challenge for Daimler

DAIMLER-BENZ has so far had few difficulties with its acquisition of AEG. The cash-rich motor-vehicles concern produced the almost DM 2bn ($903m) needed for a 56 per cent stake in the electricals group with no apparent strain. The West German cartel authorities approved the deal in February without imposing very tough conditions.

But Daimler has now to make the takeover work in practice. It faces a challenge of management organisation, and psychology, in welding AEG effectively into the Daimler-MTU-Dornier group and there might be serious consequences if it makes a false step.

That emerged, albeit between the lines, during the AEG press conference this week to present the 1985 results. The picture given by Mr Heinz Dürr, chief executive, was of a company steadily recovering from the turmoil (and near bankruptcy) of the early 1980s but still with obvious weak spots.

Thanks, above all, to the Daimler connection, there has been a dramatic improvement in the AEG balance sheet. Equity capital now makes up nearly 35 per cent of parent-company balance-sheet total (after 23.3 per cent) and net financial liabilities of DM 849m in 1984 have been transformed into a net surplus of DM 223m in 1985. True, part of that is due to AEG's own consolidation efforts and Mr Dürr is surely right in saying that "AEG could have survived even without Daimler." But that injection of funds from outside has made a mighty difference, all the same.

Turn to AEG's business results last year and the picture is more mixed. The company produced an operating profit roughly unchanged at about DM 100m on world sales revenue down by 2 per cent to DM 10.8bn. On the plus side, the automation engineering division turned a 1984 loss into a 1985 profit and the standard products sector (cables, tubes, meters and so on) held earnings at the 1984 level. Those two sectors alone account for almost 40 per cent of sales. The components division raised its profit and Olympia (office equipment) cut its loss, although no one is saying by how much.

On the negative side, the energy technology sector (10 per cent of sales) went into the red, while profits fell on both household goods (15 per cent of sales) and on radio, radar and communications systems (12 per cent). AEG's consolidated companies abroad improved their showing but, taken together, still made a loss.

What is Daimler-Benz going to do with a company with so many different product sectors, some performing much more strongly than others? Daimler's broad aim is clear enough – to forge a high-technology group along with Dornier (aerospace) and MTU (engines), each part of which will give a stimulus to the others. Some sectors of AEG activity clearly fit well into that design, some on the face of it much less so. Might not Daimler be tempted to take a knife to some AEG divisions, such as household goods, or to insist on big changes in others?

Mr Dürr pointed out at the press conference that Daimler's chief executive, Mr Werner Breitschwerdt, had already given public assurances with respect to the household-goods sector. What Mr Dürr did not say, but is surely certain, is that any excisions or big upheavals within AEG as a result of the Diamler takeover are almost sure to prove counterproductive.

After all, in the last year or two, AEG has won through to relative business health and stability after decades of turmoil culminating in a court-supervised debt settlement. The labour force is increasing again (up 1 per cent to a total 74,000) after years of big cuts, and AEG is actually making some business acquisitions of its own after having to sell off some of its "pearls" in the 1970s and early 1980s to raise funds.

Initial reaction to the Daimler deal at AEG was that the appearance of a new, financially strong partner would safeguard existing jobs and help to create new ones. If Daimler instead sought to push AEG through yet another "streamlining" operation, it might be faced with a collapse in morale among the labour force.

One reason against that happening concerns personalities. Mr Breitschwerdt, who has just taken over as head of the AEG supervisory board, clearly gets on well with Mr Dürr. Both are Swabians (from Stuttgart) and have a similar practical approach to business problems. Daimler might also underline its commitment to the interests of AEG by taking Mr Dürr (whose AEG contract runs at least to 1990) on to its executive board.

But if Mr Dürr is given a seat on the Daimler board, should not the heads of Daimler's other two acquisitions over the last year or so, Dornier and MTU, receive places too? More basically, what kind of executive board and management structure should Daimler-Benz now be aiming for? The board is quite small (nine members, including two deputies, for a group that last year had sales revenue of more than DM 50bn), and even without the acquisitions, some sort of management reappraisal would surely have been forced on Daimler. Now that the Daimler empire embraces products from washing machines to satellites, another management structure has become still more necessary.

The hum of debate emerging from Daimler's Stuttgart headquarters over the last few months indicates that the management problem has been recognised – but there is no visible evidence so far that it has been solved. AEG faces plenty of difficulties of its own – but the main question mark over the future lies fairly and squarely with Daimler-Benz.

Heinz Dürr, chief executive of AEG

AEG, the West German electricals concern, expects sales revenue to rise this year for the first time since 1981, despite a slow start in the first quarter.

Mr Heinz Dürr, chief executive, said sales in the first three months were down by 6 per cent to DM 2.17bn ($980m) partly because of currency factors, although orders jumped by 10 per cent to DM 3.02bn.

Investment spending this year would be boosted by some 40 per cent to more than DM 500m, and spending on research and development would also be raised above the 1985 level of DM 852m.

Last year AEG had an operating profit virtually unchanged at about DM 100m on sales revenue down by 2 per cent to DM 10.8bn. Mr Dürr said that in 1986 the "earnings strength" of the company would be further increased, but gave no profit estimate.

Werner Breitschwerdt, chairman of Daimler-Benz

All of these securities have been sold. This announcement appears as a matter of record only.

April, 1986

SCOTTCABLE
SCOTT CABLE COMMUNICATIONS, INC.

$50,000,000

12¼% Subordinated Debentures Due 2001
Interest Payable on April 15 and October 15

L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.

These Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to U.S. persons.
This announcement appears as a matter of record only.

New Issue — March 1986

National Westminster Bank PLC
(Incorporated in England with limited liability)

A$75,000,000

14½ per cent. Capital Notes 1993

Issue Price 100¼%

County Bank Limited

Algemene Bank Nederland N.V.	Bain & Company
Banca del Gottardo	Bank für Gemeinwirtschaft Aktiengesellschaft
Bankers Trust International Limited	Banque Bruxelles Lambert S.A.
Banque Paribas Capital Markets Limited	County Australia Securities Ltd
Genossenschaftliche Zentralbank AG Vienna	Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft
HandelsBank N.W. (Overseas) Ltd.	F W Holst and Co.
F. van Lanschot Bankiers N.V.	Mc Caughan Dyson & Co. Limited
Merrill Lynch Capital Markets	Morgan Grenfell & Co. Limited
Morgan Guaranty Ltd	Morgan Stanley International
Nederlandsche Middenstandsbank N.V.	Nederlandse Credietbank N.V.
Orion Royal Bank Limited	Rabobank Nederland
Salomon Brothers International Limited	Shearson Lehman Brothers International
Swiss Bank Corporation International Limited	Union Bank of Switzerland (Securities) Limited
Vereins-und Westbank Aktiengesellschaft	S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Notice of Mandatory Redemption

CNAN

Saudi Riyals 75,000,000 "A" Notes 8½% Due 1983/88

Compagnie Nationale Algerienne de Navigation

Unconditionally and Irrevocably Guaranteed by

Banque Exterieure d'Algerie

In accordance with Clause 5(b) of the Terms and Conditions of the Notes, notice is hereby given of the mandatory redemption due May 15th, 1986. The following notes with coupons attached should be presented to the Fiscal Agent or Paying Agent no later than May 12th, 1986.

C.02830	C.03023	C.03198	C.[illegible]	C.[illegible]
02835	03028	[illegible]	[illegible]	[illegible]
02840	03033	[illegible]	[illegible]	[illegible]
02845	03038	[illegible]	[illegible]	[illegible]
02850	03043	[illegible]	[illegible]	[illegible]
02855	03048	[illegible]	[illegible]	[illegible]
02860	03051	[illegible]	[illegible]	[illegible]
02865	03058	[illegible]	[illegible]	[illegible]
02870	03063	[illegible]	[illegible]	[illegible]
02891	03068	[illegible]	[illegible]	[illegible]
02898	03071	[illegible]	[illegible]	[illegible]
02903	03078	[illegible]	[illegible]	[illegible]
02908	03081	[illegible]	[illegible]	[illegible]
02913	03088	[illegible]	[illegible]	[illegible]
02918	03093	[illegible]	[illegible]	[illegible]
02923	03098	[illegible]	[illegible]	[illegible]
02928	03101	[illegible]	[illegible]	[illegible]
02933	03108	[illegible]	[illegible]	03610
02938	03113	[illegible]	[illegible]	
02943	03118	[illegible]	[illegible]	
02948	03121	[illegible]	[illegible]	
02953	03128	[illegible]	[illegible]	D.[illegible]
02958	03133	[illegible]	[illegible]	[illegible]
02963	03138	[illegible]	[illegible]	[illegible]
02968	03143	[illegible]	[illegible]	[illegible]
02973	03148	[illegible]	[illegible]	[illegible]
02978	03153	[illegible]	[illegible]	[illegible]
02983	03158	[illegible]	[illegible]	[illegible]
02988	03161	[illegible]	[illegible]	[illegible]
02993	03168	[illegible]	[illegible]	[illegible]
02998	03173	[illegible]	[illegible]	[illegible]
03001	03178	[illegible]	[illegible]	[illegible]
03008	03183	[illegible]	[illegible]	[illegible]
03013	03188	[illegible]	[illegible]	[illegible]
03018	03193	[illegible]	[illegible]	[illegible]

On May 15th, 1986 there will become due and payable on the notes to be redeemed the principal amount thereof together with accrued interest to May 15th, 1986. On and after that date interest on the notes to be redeemed shall cease to accrue.

Fiscal Agent.

B.A.I.I. (Middle East) E.C.
P.O. Box 5113, State of Bahrain.
Telex 8542 BAII BN

BankAmerica Corporation
(Incorporated in the State of Delaware)

U.S. $400,000,000
Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the final Interest Sub-period from 7th May, 1986 to 9th June, 1986 the following will apply:

1. Interest Payment Date: 7th March, 1986
2. Rate of Interest for Sub-period: 7⅝% per annum
3. Interest Amount payable for Sub-period: US$320.83 per US$50,000 nominal

Total Interest Amount payable: US$961.80 per US$50,000 nominal

The following Interest Sub-period will be from 9th June, 1986 to 9th July, 1986.

Agent Bank
Bank of America International Limited

FIRST CHICAGO CORPORATION

US$200,000,000 Floating Rate Subordinated Capital Notes Due 1997

Notice of Rate of Interest

Notice is hereby given that the rate of interest on the Floating Rate Subordinated Capital Notes due 1997 (the "Notes") issued by First Chicago Corporation for the interest period commencing May 7, 1986 and ending on August 7, 1986 has been determined to be 7⅛ per cent per annum. The interest payment date for such interest period is August 7, 1986. The interest amount, i.e. the amount of interest payable in respect of each US$ 10,000 principal amount of Notes, for such interest period is US$ 182·08.

CHEMICALBANK
As Agent Bank for
First Chicago Corporation.

Shawmut Corporation
U.S.$50,000,000
Floating Rate Subordinated Notes Due 1997

Notice is hereby given that the rate of interest has been fixed at 7⁵⁄₁₆% and that interest payable on the relevant Interest Payment Date August 7, 1986 against Coupon No. 6 in respect of US$10,000 nominal of the Notes will be US$186.88.

May 7, 1986, London
By: Citibank, N.A. (CSSI Dept.), Agent Bank
CITIBANK

US$100,000,000
FLOATING RATE DEPOSITARY RECEIPTS DUE 1997
issued by The Law Debenture Trust Corporation plc evidencing entitlement to payment of principal and interest on deposits with

BNL
Banca Nazionale del Lavoro
(Incorporated as an Istituto di Credito di Diritto Pubblico in the Republic of Italy)
London Branch

Notice is hereby given that the Rate of Interest for Coupon No. 4 has been fixed at 7³⁄₁₆% pa and that the interest payable on the relevant interest payment date, August 7, 1986 in respect of US$10,000 nominal of the Receipts will be US$183.68 and in respect of US$250,000 nominal of the Receipts will be US$4,592.01.

May 7, 1986 London
By: Citibank, N.A. (CSSI Dept), Agent Bank
CITIBANK

هكذا من الأصل

We're food and drink to people of five continents. Inhabitants of the sixth fend for themselves.

Primitive though they are, most of the population of Antarctica know exactly where their last meal came from.

Which is something that can't be said of the people of the more advanced countries of the world.

In the States they think Baskin-Robbins, one of the world's biggest ice cream chains, is as American as Apple Pie. Which is hardly surprising as it's run entirely by Americans.

But it's owned by Allied-Lyons. A British company.

Clogs, windmills, tulips, advocaat, what could be more Dutch?

The advocaat. Warninks, Holland's biggest producer of advocaat is British owned and it's part of Allied-Lyons.

All over the world people have got into the habit of drinking sherry before, during or after a meal. Hardly the thing to do, eh what?

But we don't mind. The chances are they're drinking Harveys, the world's biggest selling sherry, once again from Allied-Lyons.

It's much the same with port.

In over 50 countries they don't know, or care, which way to pass the port. But they do know which port to pass. It's Cockburn's.

We could go on.

Allied-Lyons have over 200 brands, many of which are household names in countries the world over. But we're not just sitting back counting the profits, considerable though they are.

During 1985 we invested massively in the business and launched well over one hundred new products worldwide.

Last year we made record pre-tax profits of £219 million and achieved £945 million worth of business overseas, without any help from our flippered friends down there in Antarctica.

Allied-Lyons
GOING ON GROWING

BIS QUARTERLY REPORT

Bank lending grows at record pace

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL bank lending expanded at a record pace in the fourth quarter of last year, partly in response to the boom in international securities markets, the Bank for International Settlements reports today.

Total external assets of banks in the main industrial countries and offshore banking centres rose by $166bn. Though more than a quarter of this expansion was accounted for by the decline of the dollar which pushed up lending totals in other currencies, the increase net of exchange rate valuation effects was $124bn. This still represents a record, the bank says in its quarterly review of banking flows.

A striking feature of the final quarter was the sharp, $104bn growth in the international interbank market in which banks deposit their surplus funds and raise money for on-lending.

Interbank business normally spurts at the end of the year as European banks build up liquidity in their balance sheets, but last year some special factors were at work, the BIS says.

Japanese banks continued their strong international expansion, while the boom in world bond markets also pushed up volume in the interbank market because of the growing role of banks not only as intermediaries, but also as buyers and issuers of securities.

Meanwhile the decline of the dollar, accompanied as it was by large official intervention and shifting market sentiment towards other currencies, boosted the supply and demand for international banking funds in connection with arbitrage operations and hedging activities.

Among other developments the BIS records a sharp increase in banking business denominated in currencies other than the dollar. Particularly strong was the expansion of the Euro-yen market which grew by the equivalent of $14.5bn during the quarter. But the Euro-currency market in D-marks also expanded by $10.2bn, that in Swiss francs by $9.3bn, and even the Ecu market, which had declined in size during the two previous quarters, grew by $4bn.

NET LENDING IN INTERNATIONAL FINANCIAL MARKETS ($bn)

	1981	1982	1983	1984	1985
Bank loans	165	95	85	90	100
Bond issues	32	58.5	58	83	125
(Double counting)	(7)	(8.5)	(13)	(28)	(55)
Total net lending	190	145	130	145	170

Source: Bank for International Settlements

Banks in Japan, already the most active in international loan markets, saw a further steep increase in their business volume in contrast to their normal fourth-quarter pattern. Their external assets rose by a record $23.1bn compared with $16.9bn in the third quarter. Over half of the increase was in yen.

The BIS says there were three main reasons for this. First, deregulation of Japanese financial markets has fostered a rapid growth in the yen's share of international finance. Expressed at an annual rate, the growth of Japanese banks' foreign assets in yen exceeded 100 per cent during the quarter. Second, Japanese banks are active players in securities markets, and third, the rise of the yen encouraged a large volume of covering operations by their clients which boosted their balance sheets.

Even though the bulk of the overall increase in bank lending during the fourth quarter was concentrated in the interbank market, there was also a noticeable expansion of cross-border final lending to non-bank entities, the BIS says. This is what the bank defines as net new international bank lending and it is estimated to have amounted to $40bn, the highest quarterly figure in two years. There was even an increase of $1.8bn in bank lending to Latin America, after a $600m contraction of such business in the third quarter, but the BIS says this was in large part due to drawings by Latin American countries on officially-sponsored "forced loans."

The BIS also notes that it is no longer easy to read trends into its figures for bank borrowings by many industrial countries. For example non-bank entities in Spain reduced their international banking indebtedness by $1.1bn during the fourth quarter, but this may simply have been due to a switch in their borrowing activities into the securities market. Security issues have been used to repay outstanding bank debt but the securities themselves have often been purchased by banks, it says.

A more reliable indication comes from its figures for international borrowing through the bank and securities markets combined. These figures, which are published on a six-monthly basis, show that total net flows through international financial markets rose by $30bn to $100bn during the second half of last year.

Among the main features of the securities market was a marked slowdown in the issue of floating-rate notes, though this was more than offset by a rapid increase in fixed-rate bond business. Total new international bond issues during the second half were a record $83bn, only 54 per cent of which was denominated in dollars compared with 67 per cent during the previous six months.

The volume of Euronote issuance facilities and commercial paper programmes grew by $26bn during the second half of last year, for the first time exceeding the volume of new floating-rate notes which was only $25bn.

New lending in the syndicated loan market meanwhile fell to just $9bn in the second half of the year, its lowest level in 15 years. This figure does not, however, include renegotiations of earlier borrowings

Cedel profits up by 40.5%

CEDEL, the Eurobond clearing house, has reported a 40.5 per cent increase in net profits to $2.7m for 1985 on turnover up 46.7 per cent to $762.2bn, reports our Euromarkets correspondent.

Securities deposited in the system grew by 50.2 per cent to $105.5bn, Cedel said.

Brisk expansion of business has continued in the present year with turnover up 65.5 per cent during the first four months. Deposits in the system were up 18 per cent compared with the same period of 1986.

Austria to abolish ZESt tax

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN government is to abolish its controversial ZESt tax on interest on securities and bank deposits, Dr Franz Vranitzky, the Finance Minister, said yesterday.

The move was prompted by a Supreme Court decision in March which ruled that the tax could be offset against income tax — thereby negating some of the advantages to the government in having the tax in the first place.

Bankers in Vienna said the move would help to further revive the domestic capital market and encourage Austrian investors to buy more domestic bond issues. The measure will be effective from July 1.

A flat rate tax of 7.5 per cent was introduced in January 1984 by Dr Herbert Salcher, then Finance Minister. It was reduced to 5 per cent by Dr Vranitzky in 1985 but it remained widely unpopular. Its introduction adversely affected the domestic market, savings accounts stagnated and demand for foreign bonds and securities grew.

The purpose was to tax the proceeds of money deposited in anonymous accounts and never declared for tax, but it has brought only limited returns to the government. Revenues from the tax were Sch402m ($26m) in 1984 and Sch 3.4bn in 1985. Revenue from the tax was expected to be about Sch 2.7bn for the 1986 financial year.

Following the court's decision it was felt that maintaining the tax was unproductive.

Ginnie Mae futures contract launched

By David Owen in Chicago

THE CHICAGO Board of Trade, the world's largest futures exchange, has launched a new contract allowing investors to hedge US government-backed mortgage certificates (Ginnie Maes).

Officials hope the new contract, Cash Settled GNMA futures, will be successful enough eventually to supplant the ground-breaking GNMA Collateralised Depositary Receipts. Initially it will trade alongside these. The GNMA-CDR was the first traded interest rate futures contract, launched in October, 1975.

A GNMA certificate represents a pool of individual mortgages guaranteed by the US Government National Mortgage Association, a body created by Congress in the late 1960s to provide financing for prospective home-owners.

Ginnies Maes are bought and sold in the secondary market by mortgage lenders, who create the certificates, backing them with recently arranged mortgages. The futures contracts enable users to hedge, or speculate with, fluctuations in the mortgage rate.

While GNMA-CDR bundle together Ginnie Maes carrying coupons that may differ widely, the new contract is intended to track changing mortgage rate trends as closely as possible. This is seen as vital if the CBOT is to attract significant hedging business from mortgage lenders seeking to offset the risk that interest rates may rise while they are assembling their $1m GNMA pools.

In a bid to ensure that futures offered reflect securities which are actually available on the cash market, the exchange has devised a complex two-step settlement process in conjunction with leading GNMA dealers.

The CBOT's first attempt to tap the current mortgage market was the initially successful GNMA certificate delivery contract launched in September 1978.

But as mortgage rates soared in the early 1980s, volume dropped off steeply. In March, 1984, the exchange launched a revamped version—GNMA II—but the contract was seen as "over-designed" and never caught the market's imagination. Hopes are high that an attractive formula has now been devised, though it may be difficult to win potential users away from other financial futures contracts.

Trading starts in Hang Seng Index

By David Dodwell in Hong Kong

TRADING in a Hang Seng Index futures contract began on Hong Kong's long-delayed futures exchange yesterday, marking the first step towards a range of financial futures contracts that are intended to breathe life into the territory's moribund commodity futures trade.

Auspiciously for those who plunged into first-day trading, the Hang Seng Index rose yesterday to an all-time high. It closed at 1,858.16, for a gain of 15.7 points on the day.

About 80 firms have been accredited to trade in index futures, including James Capel, Sun Hung Kai, Schroders and Vickers da Costa which have set up special subsidiaries for the purpose. The launch comes just a month after the opening of Hong Kong's fully-computerised unified stock exchange.

Despite early scepticism, many brokers have suggested recently that the index futures contract will be popular in Hong Kong—not simply because of the gambling interest for which Hong Kong Chinese are reknowned, but because it provides a unique opportunity to buy and sell "short"—a practice that is illegal in share dealings on Hong Kong's equity market.

At present, Hang Seng Index futures contracts will be offered for completion in May and June. Once dealers have become familiar with trading practices, contracts will be for delivery in quarterly stages from September, December, March and June.

Moevenpick raises SFr25m

MOEVENPICK, THE Swiss restaurant chain, yesterday raised SFr 25.4m in the Euromarkets through the sale of 40,000 bearer participation certificates, equivalent to roughly 6 per cent of its capital, our Euromarket correspondent reports.

The deal, led by Credit Suisse First Boston, sold out quickly at its issue price of SFr 635, the closing level of the certificates on the Zurich Stock Exchange.

CSFB said the sale will not increase Moevenpick's issued capital as the certificates were already in existence

Little investor demand but issue activity brisk

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

NEW ISSUE activity in the international bond markets was brisk yesterday, despite the uncertain trend of secondary dealing ahead of this week's US Treasury financing operation in New York.

Undeterred by lack of end-investor demand for fixed-rate dollar issues, Standard Oil (formerly Sohio) and Christiania Bank each braved the market with 8 per cent 10-year issues amounting to $100m apiece.

Standard's issue was priced by lead manager Nikko Securities at 100¼ per cent, while Morgan Stanley priced Christiania's issue at 100⅜ per cent to give net margins over US Treasury issues of 70 and 77 points respectively at launch. Both deals were regarded in the market as tight, though Nikko quoted its issue at a discount equivalent to the full 2 per cent fees, while Christiania traded inside its 2 per cent fees at a discount of 1¾ per cent, according to the lead manager.

More interest was shown in two floating-rate note issues. These were both for sovereign or sovereign-related names which appeal to investors at present, especially if launched on reasonably generous margins.

The state-owned Development Finance Corporation of New Zealand is raising $100m through a perpetual issue led by Merrill Lynch and carrying interest at a margin of ½ percentage point over the six-month London interbank offered rate (Libor). ANAS, Italy's highway authority, launched a four-way $100m issue at a margin of 1/16 point over six-month Libor through IBJ International.

Elsewhere, Sumitomo Special Metals met an immediate success with an $80m, five-year bond led by Daiwa Europe which carries warrants to purchase its shares. The indicated coupon and exercise premium 2½ per cent and 2½ per cent respectively and the bonds were quoted at 108. Nivision Cantrade launched a $50m convertible issue for SCI Systems, the US electronics concern. This 15-year issue caries an indicated semi-annual 3 per cent coupon and a conversion premium of 20 per cent.

French banks have meanwhile set a calendar of about FFr 2.5bn for new Eurobond issues this month, including a FFr 400m, 10-year, 7½ per cent issue for Nederlandse Gasunie, launched at par on Monday through BNP. Other borrowers this month will include Euratom, Peugeot and an unspecified Japanese borrower.

Both the size of the calendar and the number of issues have been increasing recently and bankers say this reflects the growing confidence of the French authorities in the market's ability to absorb paper following the recent elections and the realignment in the European Monetary System.

Bond prices were slightly firmer in West Germany, but trading remains sluggish and investers are not responding to new issues, which are now flowing apace. WestLB is leading a DM 250m three-year issue for itself carrying a coupon of 5⅝ per cent and priced at 99½.

CSFB-Effektenbank launched a DM 250m, 15-year bond for NordLB with a 6 per cent coupon and par pricing. Modo, the Swedish paper concern, is raising DM 100m through a seven-year 6¼ per cent issue priced at par by Commerzbank. Senko, the Japanese transport company, launched a DM 70m five-year bond with equity warrants through Bayerische Vereinsbank. This carries an indicated 1¾ per cent coupon.

Late in the day the World Bank launched a DM 250m, seven-year, 5¾ per cent bond at 99½ per cent through Bayerische Landesbank, which will place it with international savings banks. Allied to this is an Ecu 60m 15-year issue for the same borrower which carries a 6¾ per cent coupon and an issue price of par. Lead manager is Caisse des Depots of France.

The Ecu market has recently been depressed by an overhang of unsold paper launched on aggressive terms that anticipated a further decline in rates. Yesterday, however, coupons returned to the 7 per cent level with two other new issues, one of Ecu 50m for Citicorp and the other of Ecu 25m for the Luxembourg arm of Germany's Bank fuer Gemeinwirtschaft. BNP priced the 7½ per cent Citicorp paper at par, while BfG's six-year deal carries a 100¼ per cent issue price. Lead manager is Banque Generale of Luxembourg.

Despite their current unpopularity with investors, the Swiss market saw another perpetual issue whose interest will be paid in dollars. General Motors is raising SFr 300m through a 7 per cent deal which is priced at par by Credit Suisse. This is its first issue in the Swiss market for 11 years, and the rarity value of the name might help. The fixed exchange rate for interest of SFr 1.8535 per dollar is also lower than on previous deals.

In other currencies Salomon Brothers launched an A$150m, three-year, 13½ per cent bond at 100⅜ for IBM (Australia). Mitsubishi Finance International led a Y17bn, five-year, 5⅜ per cent bond at 101⅜ for Borg Warner.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on May 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 18	200	100⅞	101⅛	+0⅛	+0⅛	9.03
Atlan. Richfield 10⅛ 00	250	107	107½	+0⅛	−0⅛	9.31
Australia Com. 11 95	200	118¾	118⅞	+0⅛	+1⅛	8.03
Australia Com. 11¼ 00	100	119¾	119¾	0	+0⅛	8.83
BP Capital 9¼ 94	100	103⅛	103¾	−0⅛	+0⅛	8.52
BP Capital 11¼ 92	150	110	110⅝	+0⅛	0	8.75
Campbell Soup 10⅛ 95	100	112⅝	113⅛	+0⅛	+0⅛	8.44
Canada 8 96	1000	107⅞	108⅛	+0⅛	+0⅛	7.77
Canada 11½ 90	500	112⅞	113⅜	+0⅛	+0⅛	7.46
Canadian Pac. 10⅛ 93	100	109⅞	110⅛	+0⅛	+0⅛	8.77
CEPME 10⅛ 91	100	108⅛	108⅞	+0⅛	+0⅛	6.70
Citicorp 10 98	200	103⅞	104⅛	+0⅛	+0⅛	7.96
Citicorp 10⅛ 95	200	105⅛	105⅞	+0⅛	0	9.68
Credit Lyonnais 8 91	200	104½	105	+0⅛	+0⅛	7.77
Credit National 9½ 93	150	105½	106	+0⅛	+0⅛	7.99
Denmark Kgdm. 11½ 89	100	109⅛	109⅜	+0⅛	+0⅛	7.61
Denmark Kgdm. 11½ 90	100	111⅜	112⅛	+0⅛	+0⅛	7.91
Denmark Kgdm. 11½ 92	100	115⅜	115⅞	+0⅛	+0⅛	8.06
EDC 8½ 92	100	103	103½	+0⅛	0	7.79
EDF 10 95	225	108⅞	109⅜	+0⅛	0	8.52
EEC 8¾ 01	150	104½	105	+0⅛	+0⅛	7.41
EEC 9⅛ 90	350	105⅝	106	+0⅛	0	7.96
EIB 10¼ 94	200	110⅛	110⅝	0	+0⅛	8.48
EIB 12 95	200	122⅞	123⅛	+0⅛	+0⅛	8.26
Eli Lilly 10¼ 93	150	111⅜	112⅛	+0⅛	0	7.80
Equil. Lrd. Rlty. 10½ 97	100	108	108½	0	−0⅛	9.30
Export Dev. Cpn. 10 90	100	108	108½	+0⅛	0	7.56
Fed. Dep. Strs. 10⅛ 95	150	110⅝	111⅛	+0⅛	−0⅛	8.37
Ford Motor Crd. 10⅛ 01	150	108½	109	+0⅛	+0⅛	9.42
Ford Motor Crd. 11⅛ 90	100	109	109½	+0⅛	+0⅛	8.38
Gen. El. Cred. 10⅛ 00	200	106½	107	+0⅛	+0⅛	9.37
GMAC 10⅛ 89	200	106½	107	+0⅛	+0⅛	7.72
GMAC 10⅛ 92	250	107⅜	108⅛	+0⅛	−0⅛	8.56
IADB 9⅞ 95	200	110⅞	111⅜	+0⅛	+0⅛	8.10
IADB 10½ 95	150	115⅛	115⅝	0	+0⅛	8.08
Kellogg Co. 10⅞ 90	100	106⅝	107⅛	+0⅛	−0⅛	8.57
Kellogg Co. 11⅛ 92	100	111⅝	112	+0⅛	+0⅛	8.56
Nippon Cr. Bk. 10⅛ 95	150	114⅛	114⅝	+0⅛	+0⅛	8.37
Pillsbury Co. 10⅛ 93	100	107⅜	108⅛	+0⅛	+1	8.72
Proct. & G. 'A' 8⅞ 92	150	105⅜	105⅞	+0⅛	+0⅛	8.99
Pru Realty 0. 12½ 95	546	117⅜	118⅛	−0⅛	+0⅛	9.04
Qantas Airways 10⅛ 95	140	114	114½	+0⅛	+0⅛	8.11
Queensld. Gvt. 10⅛ 95	100	112⅞	112⅞	+0⅛	+0⅛	8.26
Ralston Purina 11⅛ 95	150	114⅛	114⅝	+0⅛	0	8.32
Saab Scania 9½ 01	125	104⅝	105⅛	+0⅛	+0⅛	8.23
Saskatchewan 10⅛ 92	100	112½	113	+0⅛	+0⅛	7.92
Scandinavia Air 10⅛ 95	150	111⅛	111⅝	+0⅛	+0½	8.32
State Bk. 0. Au. 9⅛ 93	100	105	105½	+0⅛	+1	8.21
Statoil 10 90	170	107⅜	108⅛	+0⅛	+0⅛	7.72
S. Wales Tmy. 11⅛ 90	150	112⅛	112⅝	+0⅛	+0⅛	7.98
Swed. Exp. Cred. 10 92	100	110⅝	111⅛	+0⅛	+0⅛	7.89
Sweden 8⅛ 96	200	106	106½	+0½	+0⅛	7.82
Sweden 10⅛ 92	250	111⅜	112⅛	+0⅛	+0⅛	7.86
Sweden Kgdm. 10⅛ 90	200	110⅜	111⅛	+0⅛	+0⅛	7.59
Sweden Kgdm. 11⅛ 94	100	116⅜	116⅞	+0⅛	+0⅛	8.92
Tenneco Cpn. 10⅛ 95	150	107⅞	108	+0½	+0⅛	9.44
Utd. Tech. Fin. 10⅛ 95	100	111⅜	111⅞	+0⅛	+0⅛	8.74
Victorian Rep. 11⅛ 92	150	115⅝	115⅞	+0⅛	+1⅛	8.24
World Bank 9⅛ 2012	300	103⅜	103⅞	0	+1⅛	9.37
World Bank 9⅛ 2016	300	111⅜	111⅞	0	+0⅛	8.67
World Bank 10½ 95	300	114⅛	114⅝	+0⅛	+0⅛	7.83

Average price changes... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8 94	200	*†109⅜	110⅛	0	0	6.41
Austrian Elec. 6½ 95	150	*†101	101⅛	0	−0⅛	6.32
Copenhagen 7⅜ 95	150	*†103½	104	0	−0⅛	6.78
Dow Chemical 6⅛ 95	300	*†104⅛	104⅝	0	−0⅛	6.09
EIB 8⅛ 95	300	*†105⅝	106⅛	0	−0⅛	6.02
EIB 7⅛ 94	300	*†104⅝	105⅛	0	−0⅛	6.48
Emhart Cpn. 8⅛ 95	175	*†102⅝	103⅛	0	0	6.33
E. Ire. Bk. Korea 7⅛ 90	100	*†101⅞	102⅛	0	0	7.04
Finland Republic 7 92	200	*†104⅛	103⅛	0	−0⅛	6.24
Gould Int. Fin. 7⅛ 91	100	*†103⅛	104⅛	0	−0⅛	6.66
Heron Intl. Fin. 7⅛ 95	100	*†99⅜	100⅛	0	−1⅛	7.24
Hoesch Intl. Fin. 7 95	100	*†103	103⅞	0	+0⅛	6.63
Ireland 8⅛ 92	150	*†107½	108	0	−0⅛	6.53
I/S Elsam 6⅛ 92	125	*†99½	100⅛	0	−0⅛	6.74
Japan Fin Cpn. 7⅛ 91	100	*†106⅜	107⅛	0	−0⅛	6.00
Mitsubishi M. 3⅛ 89 WW	100	*†107	108	0	−0⅛	1.01
Mitsubishi M. 3⅛ 89 XW	100	*†93	93½	0	+0½	6.21
Quebec Hydro 7⅛ 95	200	*†106½	108	0	−0⅛	6.27
Ronie 7⅛ 95	100	*†105	105½	0	−0⅛	6.95
Soc. C. Nuclear 7⅛ 95	150	*†103⅛	103⅝	0	−0⅛	6.72
Soc. C. Nuclear 8 91	100	*†100	106⅛	0	0	6.51
S. African Tmn. 7⅛ 92	100	*†97	97½	0	0	8.17
World Bank 7 95	600	*†106⅞	107	0	−0⅛	6.92

Average price changes... On day 0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avon. Cap. Cpn 5⅛ 94	130	†101	101⅛	−0⅛	0	5.20
Br. Land Comp. 6⅞ 99	75	†104⅞	104⅛	−0½	+0⅛	5.99
Chrysler 5⅛ 96	100	†101⅜	103	+0⅛	−1	5.50
Council of Europe 0 92	120	*†104⅛	104½	0	−1⅛	5.12
Creditanstalt 5½ 94	100	†101½	103	−0⅛	−0⅛	5.24
Deutsche Bk. F. 5⅛ 95	100	†105	105⅛	0	+1	4.64
Gen. Occidentale 4½ 94	80	†118	118	−0⅛	−0⅛	2.12
Glendale F. S&L 5½ 96	100	†99⅛	100	0	0	6.01
Humana 5⅛ 99	120	†98⅛	98½	−0⅛	+1⅛	6.21
Ind. F. Finland 5⅛ 94	40	†100	100½	−0½	−1	5.71
N. Zealand Steel 5⅛ 96	70	†101	101⅛	0	+0⅛	5.60
Obaros. Kliwk. 5⅛ 95	100	†101⅛	102	+0⅛	+0½	5.10
Olivetti Intl. 5½ 95	100	†103	102⅛	0	−0⅛	5.20
Pepsico 5⅛ 95	130	†103⅛	103⅛	+1	+0⅛	4.74
Phibro-Salomon 5½ 97	110	†102½	102⅜	+1½	+0½	4.82
Ralston Purina 5⅛ 94	125	†102⅛	102⅜	0	−0⅛	5.00
Settau Euro. 0 2001	100	†49⅛	50	+0½	+0⅛	4.00
Tokyo Elec. Pr. 5⅞ 93	120	†102⅛	102⅛	+0½	−0⅛	5.28
Tokyo Mottopolis 5⅛ 94	100	†101	101⅛	0	−0⅛	5.06
World Bank 6⅛ 94	150	†102½	103⅛	+0⅛	+0⅛	5.21

Average price changes... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Exp. O. Cr. 5⅞ 91	20	98⅝	99⅛	0	0	6.13
Denmark 6⅛ 96	10	103	103½	+0⅛	+0⅛	5.93
Dow Chemical 6⅛ 01	25	98⅝	99⅛	0	−0⅛	6.48
EIB 6⅛ 95	25	103⅛	103⅝	+0⅛	+0⅛	5.67
Hydro-Quebec 6⅛ 94	10	102⅛	102⅝	—	—	6.22

Average price changes... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Ex. O. Cr. 0 81 A$	100	55⅛	56⅛	+0⅛	+1⅛	12.49
Fiat Finance 14½ 89 A$	50	104	104⅝	0	−0⅛	12.46
GMAC 12⅞ 89 A$	40	101	101½	+0⅛	+0⅞	12.35
LB Schlswg. 14½ 91 A$	30	104½	105½	+0⅛	0	12.63
Amex 10⅞ 90 C$	50	†104⅛	104⅝	−0⅛	−0⅛	9.37
Canad. Pac. 10⅞ 90 C$	75	†103⅛	104⅛	−0⅛	−3⅛	9.23
CIBC 10⅛ 90 C$	75	*†103⅛	103⅞	0	−0⅛	9.87
Genstar Fin. 11⅛ 95 C$	75	*†105⅛	106⅛	0	0	10.88
Montreal †11½ 95 C$	75	†109	109½	−0⅛	+1	9.90
Ryl. Trustco 10⅛ 90 C$	75	†100⅛	100⅝	−0⅛	−3½	10.20
Sears Acc. 10⅞ 92 C$	75	*†104½	105	0	+0⅛	9.57
Coca-Cola F. 17 90 NS	75	105⅛	106⅛	+1	+0⅛	14.85
Denmark 17½ 89 NS	50	†101½	102½	+1½	+0⅛	16.46
Unilever Cp. 17½ 89 NS	50	103⅛	104⅛	+3⅛	+3⅛	15.88
Cpnhagn. C. 9 95 Ecu	40	112⅛	113	−0⅛	−0⅛	7.14
EIB 8⅛ 93 Ecu	180	108⅛	109⅛	−0⅛	−0⅛	8.89
Walt Disney 8⅛ 94 Ecu	63	109⅛	110⅛	−0⅛	+0⅛	7.08
Honda WW 3⅛ 90 Fl	100	110	110⅛	−0⅛	−0⅛	1.12
Honda XW 3⅛ 90 Fl	100	92⅛	92⅝	−0⅛	−0⅛	8.74
Thyssen 7⅛ 90 Fl	50	103⅛	104⅛	+0⅛	+0⅛	6.15
Wereldhave 7½ 90 Fl	75	104⅛	104⅛	+0⅛	+0⅛	6.25
Wassenen 6⅛ 90 Fl	50	101⅛	102⅛	0	+0⅛	6.24
Tathse. Forte 8⅛ 91 FFr	400	100⅛	100⅛	0	−0⅛	8.49
Amev 11 93 £	50	106⅛	107	−0⅛	+0⅛	9.55
Australia Com. 11 92 £	40	108	108½	−0⅛	−0⅛	9.12
GMAC UK F. 10⅛ 90 £	30	104	104½	−0⅛	−0⅛	9.22
Imp. Ch. Ind. 11½ 95 £	100	109⅛	109⅞	0	−0⅛	9.62
Imp. Ch. Ind. 10⅛ 92 £	75	104⅞	105⅛	−0⅛	−0⅛	9.62
Inv. In Ind. 1. 10 93 £	60	102⅞	103⅛	0	0	9.35
Leeds Bld. S. 10⅛ 01 £	50	103⅛	103⅞	−0⅛	−0⅛	9.56
McDonalds 10⅛ 90 £	40	105⅛	100	−0⅛	−0⅛	9.08
MEPC 10⅛ 2003 £	75	†98⅞	99⅛	+0⅛	+0⅛	10.37
Nat'nwide BS 10⅛ 93 £	75	102⅛	103½	−0⅛	−0⅛	8.67
NSW Treasy. 10⅛ 02 £	50	104½	105⅛	+0⅛	+0⅛	9.55
Royal Ins. 10⅛ 92 £	60	105⅛	105⅞	−0⅛	−0⅛	9.51
J. Sainsbury 10⅞ 93 £	60	105⅛	105⅞	0	−0⅛	9.67
Tathse. Forte 11⅞ 90 £	50	104⅛	104⅝	0	0	9.89
World Bank 11½ 95 £	100	112⅛	112⅞	+0⅛	−0⅛	9.14
COE 8⅞ 95 LFr	600	†104	105	−0⅛	−1⅛	8.16
N. Lux. Al. 10½ 92 LFr	600	100⅛	101⅛	−1	−3⅛	10.33

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 98 £	0⅛	99.81	99.88	14/7	10.44
Barclays Bank Perp. 1	§0⅛	100.32	100.42	2/7	8⅛
Barclays Bank Perp. 2	§0⅛	100.17	100.27	14/8	8⅛
Belgium, Kngdm. ol 91	0	100.53	100.63	10/8	8.00
BNP 5⅛ 95	0.05	101.62	101.72	10/8	8.05
Britannia 0 93 £	0⅛	99.91	99.97	8/7	10⅛
CCF 5⅛ 97	0⅛	99.29	99.39	14/5	6.94
Citicorp 0 2005	0⅛	99.23	99.33	28/4	7.73
Credit Lyonnais 0 2000	0⅛	100.38	100.48	16/7	8.06
EEC 3 92 DM	0	100.04	100.14	20/8	4.44
EEC 6 90	0⅛	100.20	100.28	8/7	8.06
EEC 5⅛ 93 Ecu	0.0312	99.79	99.89	30/4	9.91
Ireland 5⅛ 97	0⅛	100.36	100.46	28/8	8⅛
Lloyds Bank Perp.	0⅛	100.31	100.41	8/0	8⅛
Midland Bk. Perp. S	0⅛	100.16	100.28	19/8	8⅛
Milk Mkt. Board 5 93 £	0⅛	99.89	99.97	17/8	12.31
NatWest Perp. A	§0⅛	100.26	100.36	8/7	8.31
NatWest Perp. B	§0⅛	100.41	100.51	9/8	8⅛
New Zealand 5 97 £	0.07	99.68	99.78	14/5	12⅛
New Zealand 5 2001	0	100.36	100.46	4/8	8⅛
Prudential Cpn. 4 95 £	0.1	99.98	99.77	6/8	12.35
R. Bk. Scotland 5 Perp.	0⅛	100.09	100.10	11/6	8.44
United Kingdom 5 92	0	100.12	100.19	7/7	2.06
Woodside Fin. 5⅛ 97	0	99.92	99.72	28/7	8.18
Woolwich 5 95 £	0⅛	99.83	99.88	18/8	11.89

Average price changes... On day +0.00 on wk +0.04

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053	217⅛	219⅛	+4	0.54
Comcast 7 2000	12/85	23.07	†123⅛	124⅛	0	10.20
Fanuc 3⅛ 98	1/84	7032	237	239	−1½	61.35
Fuji Heavy Inds. 3 2000	8/85	676	†115⅛	116⅛	+3	0.04
Fujitsu 3 99	5/84	1320	127⅛	128⅛	−0⅛	17.30
Kumagai Gumi 3⅛ 2000	3/85	600	†240	241	+11½	10.68
Marui 3⅛ 99	7/84	1192	*†282⅛	284⅛	0	−1.96
Minolta Cm. 2⅛ 94 DM	2/86	1105	*†105⅛	106⅛	0	29.64
Mitsubishi Bank 2⅛ 00	8/85	1788	124⅛	125⅛	+5⅛	4.16
Mitsubishi Elec. 2⅛ 00	3/85	422	127⅛	128⅛	0	−2.39
Mitsui Bank 2⅛ 01	4/86	101.9	†100⅛	109⅛	+1⅛	−90.38
Murata 3⅛ 2000	7/84	2398	183	164	−1½	16.80
Nippon Elec. 2⅛ 2000	1/85	1295	172⅛	173⅛	−1	96.96
Nippon Oil Cp. 3 2000	5/85	923	194⅛	196⅛	+4⅛	−0.21
OKI Elec. Ind. 3⅛ 99	10/84	805	125⅛	126⅛	0	−1.39
Sanwa Bank 2⅛ 2000	10/85	1486	127	128	+1⅛	−0.26
Sekisui House 3 99	6/84	812	277⅛	279⅛	+15⅛	4.80
Sumitomo Bk. 2⅛ 2000	6/85	2142	127⅛	128⅛	+6⅛	4.37
Sumitomo Cpn. 2⅛ 99	5/84	593	188⅛	190⅛	+4	10.67
Taiyo Yuden 3⅛ 2000	3/85	1078	†146	148	−4	−4.04
Tokyo S'yo El. 3⅛ 99	12/84	772	117⅛	118⅛	+1	7.33
Touhibo Crmcs. 3 2000	4/85	1734	138	139	−0⅛	−2.63
Nippon Oil 2⅛ 92 SFr	3/84	1052	†137	138	+2	2.28
Nip. Shinpan 2 92 SFr	3/84	801	†177⅛	178⅛	+5⅛	19.99
Asics 5 92 DM	12/83	520	†142	143⅛	+8⅛	10.95
Renown 3⅛ 90 DM	8/85	675	*†137	138	0	−4.68

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Akroyd and Smithers; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Credit Commercial de France

(Securities) London: Daiwa Europe NV; EBC Amro Bank; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; LTCB International; Merrill Lynch; Morgan Stanley International; Nikko Securities Co. (Europe); Nomura International; Orion Royal Bank; Robert Fleming and Co.; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; S. G. Warburg and Co.; Swiss Bank Corporation International; Wood Gundy.

Defence documents value BHP at A$9.35 a share

BY LACHLAN DRUMMOND IN SYDNEY

BROKEN HILL Proprietary, the Australian energy, minerals and steel group, has released its formal bid defence documents, reasserting that Bell Resources' takeover offer is totally inadequate and presenting a valuation showing BHP is worth A$9.35 a share. This would value the whole company at A$11.68bn (US$8.5bn).

BHP has, however, provided no forecast of future earnings to support its rejection of the effective A$7.50 a share offer from Bell for up to 50 per cent of each remaining shareholding. It is relying instead on the current share price, the asset valuation, its past record and casting doubt on the financial stability of Bell and the future of BHP under its control, to convince shareholders not to accept the bid.

The share price is hovering around A$7.60 amid market expectations of rival moves from Elders IXL, which has a protective 19 per cent stake in BHP, or a higher bid from Bell.

BHP points out that the Bell offer represents a multiple of only 9.1 times its earnings in the four quarters to the end of February compared with an overage market multiple of 13.3 times.

It offers no projection, however, for the full 1985-86 year ending on May 31 or the coming 1986-87 year although earlier forecasts suggested earnings per share in 1986-87 of some 78 cents on those optimistic assumotions.

BHP's own sensitivity analysis, provided with earlier forecasts—which are subject to legal challenge by Bell—point to earnings per share of around 55 cents on current oil and currency relativities, placing the Bell offer on a 13.6 times multiple.

Martin buys Deak Perera US

BY OUR SYDNEY CORRESPONDENT

MARTIN PROPERTIES, a Brisbane financial services group, has bought Deok Perera US Inc, the US foreign exchange and precious metals dealer, for an undisclosed sum.

The pnrchase will give Martin control of retail outlets in 42 US and 15 Canadian cities with a turnover of close to US$750m. Martin hopes to boost turoover to US$1bn quickly and return the operation to profitohle trading.

Martin, controlled by NZI Corporation ond Ariadne Australia, is rasing A$7m (US$5m) through a two-for-five share issue to help fund the purchase.

As well as foreign currency and precious metals, Deak Peera deals in travellers cheques, and has outlets in many large Canadian and American airports.

Martin began negotiating to purchase the company not long after Mr Nicholas Deak, the 80-year-old Hungarian-born head of Deak and Co—which in 1984 filed for bankruptcy protection—was shot dead last November.

Deak Perera was not one of the subsidiaries which hod sought bankruptcy protection but its reputation and trading ability suffered as a result of its association with the group.

Singapore plans company law change

SINGAPORE plons changes in company law to require more information disclosure and legal protection for companies with temporary liquidity problems, Mr Richord Hu, the Finance Minister, has told Parliament, reports Reuter.

The new law, if passed, would require holding companies to provide consolidoted bolance sheets and profit and loss accounts to shareholders. Companies would have to report inter-company transactions, estimote maximum contingent liabilities, report loons to directors and outline methods of asset valuation.

Company Inspectors would require directors and past directors to produce bank account documents if there were reasonable grounds for believing money in the accounts was connected with unlawful activities, Mr Hu said.

Information would he secret, so that honestly managed companies would have nothing to fear.

Japan lifts limit on corporate borrowing

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance is to allow city (commercial) banks to lend up to 40 per cent of their capitol to large corporate borrowers, up from the current 20 per cent. However, bankers acceptances and guarantees, as well as loans to corporate customers' affiliates, will be considered subject to the new limit.

The new limit is designed to prevent banks from concentrating their lendings on o few specific corporate customers and to keep Japanese banks in financial good health.

The limits on targe loans will also be raised from 30 per cent to 45 per cent for the long-term credit and trust banks, and from 40 per cent to 50 per cent for the Bank of Tokyo—the sole specialised foreign exchange bank.

The current system, which imposes a 20 per cent limit on city banks' loans to a single large corporate borrower, was introduced by the Ministry of Finance in 1974, in order to reduce the impact on banks of the collapse of a large corporate customer.

However, bankers' acceptances and guarantees, as well as loans to corporate customer's affiliates which fall outside the restrictions on loans to large customers, have recently expanded significantly.

When Sanko Steamship collapsed in August last year, the Sanko parent company's debts alone totalled Y497.2bn ($2.9bn). Sanko's affiliates, such as Zuito Kaiun, generated additional debts of Y93bn. The parent company's loan guarantees to these three affiliates reached Y50bn. Including liabilities incurred by Sanko's other subsidiaries, the total liabilities of Sanko group came to some Y1,000bn.

Under the new rules, the MOF intends to include specific affillotes whose capital exceeds 10 per cent of the parent company's and specific affiliates whose total assets exceeds 10 per cent of parent company's.

The ministry will present the draft to banks this week for fine tuning, and will notify the banks of the revised limit by mid-May.

Southern Sun hit by fall in tourism

By Jim Jones in Johannesburg

SOUTHERN SUN, South Africa's largest hotel chain, suffered an almost complete elimination of its pre-tax profit in the last financial year despite a merger which enabled it to dominate the middle and upper sectors of the hotel market.

Turnover rose to R224m ($108m) in the year to March from R130m, largely because of last years merger with the Holiday Inns chain. Operating profit before interest and tax fell to R15m from R25.6m and a substantially higher interest bill caused the pre-tax profit to drop to R223,000 from R20.9m.

The company's prohlems arise directly from South Africa's recession and black unrest. Room occupancy rates did not improve as expected in the summer, while, according to Mr Bruno Corte, the managing director, foreign tonrism collapsed.

UK COMPANY NEWS

Land Investors' £74m deal with Berger family

BY WILLIAM COCHRANE

A NEW company controlled by the Berger property empire has made an agreed bid of 76p cash per share for Land Investors, the property company chaired by Mr Jack Rose, which said last week that it was in talks which might lead to an offer. This values Land Investors at £74.1m against a £66.4m net asset value.

BCPH, standing for Berger Consolidated Property Holdings, and odvised by Morgan Grenfell Laurie, has been set up as a 51 per cent owned subsidiary of Reliable Properties, a residential and commercial property dealing company controlled by the Berger family.

The Berger fomily is understood to control up to £1bn worth of residential and commercial property through various interests.

Sources close to the family yesterday described the Land Investors bid as a clear move by the Berger family away from the problems associated with the residential sector.

A statement last night said that in recent years, market conditions have made it increasingly difficult for Reliabla to acquire eotisfactory new residential property investments to replace those it sold.

Participation in the ocqnisition of Land Investors, it said, would allow Retioble the opportunity to review fully Land Investors' portfolio, befnre deciding whether to exercise an option it has to acquire tha whole of BCPH—while potentially yielding the company o substantial profit should it decide not to exercise.

Reliable is to loan BCPH £11.25m for a period of 18 months on a secured basis, in order to assist in the financing of the offer. The terms are intended to yield Reliable o minimum profit of £2.5m.

Reliable is olso lo obtain for a nominal consideration from Mr B. Berger and Mr D. Garrard, and their family interests, an option to acquire their holdings of 36.75 and 12.25 per cent respectively in BCPH.

Directors of Land Investors and their families and associates have pledged to accept the offer in respect of 64.61m shares (approximalely 66.31 per cent).

The Norwich Union Insurance Group, wblch owns 9.6m sbares (just under 10 per cent) bas also said thot it will be accepting the offer.

Nearly 15% of Chloride placed

By David Goodhart

Chloride, the troubled batteries group, yesterdoy had 14.9 per cent of its ordinary shares placed with a number of institutions.

The stake—of 18.9m ordinary shares — was placed by shares nnd 2.6m preference Melbourne-based Pacific Dunlop, formerly Dunlop Olympic, for nbout £14.5m.

Pacific Dunlop acquired the stake early last year and loter bought Chloride's automotive business in the US and all its Australasian concerns for £34m.

Sir Michael Edwardes, Chloride chairman, commented: "We are told that the placing went very smoothly and we are pleased to note it was readily received by the market, and that the interest from institutions was widespread."

He odded that tha technical and commercial collaboration between Pacific Dunlop and Chloride was establisbed last year will continue unaffected.

The ordinary shares were placed by Rowe and Pitman at 50p and the preference shares at £2. When Pacific Dunlop acquired the stake, the share price was a little nver 30p.

Saatchi and Saatchi in talks for Ted Bates

BY ALICE RAWSTHORN

Saatchi and Saatchi, advertising and business services agency, bas confirmed that it is involved in negotiations to acquire Ted Bates, a privately-owned US advertising agency. Saatchi bopes to conclude a deal within tha next few days.

Although the two agencies are still locked in negotiation and have yet to thrash ont the final terms of the deal, it ie thought that Saotchi is likely to pay for Bates in cash, with the proceeds of its recently completed £406m rights issue.

Should the negotiations prove successful, the Saatchi group would be the largest advertising agency in the world with billings nf $7.5bn (£4.9bn).

The two agencles bave been involved in spasmodic discussions for the last 18 months. In November, Saatchi agreed terms with Bates, only to see the agency withdraw at the last minute.

Bates would function as an autonomous network of agencies within the Saatchi group — as does the DFS : Dorland network —with its management structure left intact.

Negotiations recommenced in New York last week and have been conducted by Mr Andrew Woods, Saatchi's group corporate finance director and chairman of its US holding company, and Mr Bob Jacoby, chairman and chief executive of Ted Bates and a substantial shareholder.

One of the problems encountered in last autumn's negotiations was the potential conflict between nne of Saatchi's largest clients, Procter & Gamble, and Bates' client, Colgate Palmolive.

Although the recent spate of mergers among advertisers and advertising agencies has softened attitudes towards client conflict, Procter & Gamble—the largest advertiser in the world—is thought to be intractable on the issue. The combined group could be forced to resign the Colgate Palmolive account wblch is worth $284m o year worldwide, according to the US magazine, Advertising Age, and for whicb Bates is the major agency.

● The advertising agency, Wight Collins Rutherford Scott, has reacbed preliminary agreement for the acquisition of FCO, a London-based agency with billings of just under £20m a year.

Hillsdown may be forced to offer cash

By Lionel Barber

THE FULL Takeover Panel is to meet tomorrow to consider a complaint by Charterhouse Japhet, merchant bank adviser to S. & W. Berisford, the commodity trading group, heing obliged lo offer a full cash olternative to its 486m all-sbare hid for Berisford.

The dispule arises over recent sbore huying by Kleinwort Benson, Hillsdown's odviser. Charterhouse argues that Kleinwort has breached rule 11 of the Takeover Code by bnying more than 15 per cent of Berisford's share, the limit before o full cash alternative has to be made available.

Under rule 11, this may require Hillsdown to make a cash alternative at the highest prices paid for the sbares—in this case 262p per share.

Mr John Nelson, a Kleinwort director, confirmed that the 15 per cent had been breacbed but he described it as an "inadvertent error." Last October, Hillsdown bad bongbt around 950,000 Berisford shares. Adding these shares to subseqnent purcbases had brought Kleinwort'e stake, acting on Hillsdown's bebalf, to 15.2 per cent.

Mr Nelson said that Kleinwort had immediately informed tbe Tokeover Panel of its error and hod sold between 950,000 and 1m shares to bring it below the 15 per cent mark.

It is believed that the Takeover Panel executive accepted Kleinwort's explanation and waived tbe reqnirement to make a full casb alternative. But Cbarterbouse, arguing that tbe Panel's Code shonld be obeyed to tbe letter, is seeking a second ruling by the full Panel.

In recent months, the full Panel has overruled the executive on two important cases: Scottisb and Newcastle's takeover of fellow brewer Matthew Brown and, last week, the role of Mr Robert Maxwell, the pnblisber, in the Demerger Corporation bid for Extel.

Hillsdown is offering nine shares for every 11 in Berisford, which on last nlght's closing prices values Berisford at 254p per share.

Christopher Parkes on Ratners stake in H. Samuel

Golden wedding on the cards

Mr Gerald Rotner sketches an ungoinly oblong on the back of a Press release, carefully cross-hatching one corner, to illustrate one of the prime differences between his successful Ratners jewellery chain and the struggling H. Samuel empire.

His pen troces down one side of the oblong. "All this window space is wasted, filled up with grandfather clocks and stuff like tbat," be mutters, scribbling. That is bow H. Samuel does business in its 3,000 sq ft stores.

He stabs his pen at the cross-hatched corner, representing Ratners: "You can say all you wont to say in 30 ft of window with perhaps 300 sq ft inside."

On the other side of the paper was the announcement that Ratners, tbe second biggest of Britain's specialist retail jewellers, hod scooped up 27.7 per cent of the market leader, H. Samuel.

It came as no surprise. Mr Ratner bos dropped enougb hroad hints in recent months that be would like to get his hands on his arch rival.

He has already had several fruitless conversations with Mr Anthony Edgar, H. Samuel'e chairman, who is sitting on about 36 per cent of the stock and wbose mother controls o furtber 5 per cent.

However, primed with his latest purchases which landed in *his lap* wben ba was approached by other members of the Edgar family, he is expecting a better reception at a meeting already arranged for later this week to discuss o friendly merger.

"Whatever happens, H. Samuel will not continue the woy it is," he says.

His view is ecboed in the City. Brokers Henderson Crosthwaite last week published its view that without an improvement in performance, Mr Edgar could find bimself under pressure from institutional shareholders.

Mr Gerald Ratner, chief executive of Ratners (Jewellers).

The contrasts between the twn groups could hardly be more striking. H. Samuel made pre-tax profits in 1985 of £5.8m on £123m turnover from 350-plus shops, compared with Ratners profits of £2m from sales of £32m through 170 much smaller shops.

Mr Ratner recently said that in the year to April 1986 his turnover had risen by 39 per cent and profits had almost doubled. H. Samuel's profits are expected to be little different from last year's, wben the figures are pnblished next month.

While both chains hove responded to recent changes in retailing trends, they have chosen diametrically opposed paths.

H. Samuel bas spent heavily on refurbishing most of its 350-odd stores, polisbing its imoge among its mostly middle-range shoppers. Ratners bas headed resolutely down market, steered by the managing director.

"People do not invest in high-price jewellery any more. They know it is not a good investment," Mr Ratner states. In a store in Chatham Kent, recently, he discovered a £750 ring in the window which had not been taken out fnr closer inspection by a customer for seven years. "And I am not one to think that you can get higher profits by changing your colour scheme, your windows or your logo," he adds.

He is convinced the mainstream jewellery market is now part of the fashion trade. "People change their watches twice a year," he claims, adding that the design of his best-selling watch of the moment makes it *almost impossible* to tell the time.

His shops offer cheap earrings, for example, which now fall in the same category among young buyers as tigbts and blouses. "In the old doys when earrings sold for £25 they would not dream of this. They knew if they went into the shop they were likely to get stung for £50."

Scorning the rarified atmosphere of the traditional shops, he has plastered his windows with posters, installed sandwich boards, crammed his window displays, offered interest-free credit and money-back guarantees, and cut all prices.

He has also stiffened his management, taking a strong personal lead with his policy of aggressive marketing, pricing and selling. Everyone in the organisation is rewarded according to an incentives scheme, and the results are showing. "They are all earning big salaries, big money," he boasts. "Some pay packets are up 70 or 80 per cent."

By contrast, the H. Samuel management team, introduced a few years ago to help restore the group's fortunes has disintegrated. Group chief executive Mr Tony Dignum, went last month, returning to the Dixon'e retailing group. In his place the low profila Mr Edgar has installed an acting group general manager who for the past two years had been works manager at the company's Birmingham headquarters.

Although he is evasive about his specific plans should he succeed with his attempt to take over H. Samuel, Mr Ratner clearly relishes the market leverage it would bring.

Such a combination would give him control over 12 to 15 per cent of tha UK retail jewellery market where independents still bold a 47 per cent stake. It would also give bim a strong base for further expansion.

"We are already buying Seiko and Casio watches for 30 per cent less than anybody else and selling them for 10 to 15 per cent less than any other retailers," be said. "The independents would not be able to touch us on price."

Static turnover leaves Lee Cooper well behind

THE DIFFICULT trading conditions experienced by the Lee Cooper Group in 1984 continued througbout 1985 and for the period the group sow its profits fall from £8.91m to £8.1m pre-tax.

Turnover was virtually static, totalling £94.37m compared with a previous £94.61m —the London-based group manufactures trousers, jeans, skirts and casual wear.

Altbougb some of the problems of 1985 will remain in the current year the directors are encouraged by the actions they have taken and by the recently announced investments in West Germany and the UK.

They say the acquisition of Lunobond will give the group the opportunity of rebuilding its presence in the UK more effectively and more quickly than would otherwise bave been possible.

Despite last year's difficulties sharehotders are in line for an increased dividend. A sbarply lower tax chorge of £4.02m (£5.23m) left eornings 4.48p higher at 24.66p and a final payment of 2.8p (2.275p) lifts tha total from 3.675p to 4.2p net per 25p share.

● comment

The City had been well prepared for a fall in profits from Lee Cooper, nonetheless, the share price fell 4p to 171p. The company has spent the past three years ensconced in cost cutting and restructuring. Perhaps perversely it has diversified away from jeans — which now produce less than a third of turnover—into leisurewear, just as Levi Strauss has succeeded in restoring blue jeans to cult status with its fly button 101s revival. Nonetheless the European jeans industry is still intensely competitive and the new leisurewear ranges offer mora flexibility. With tbe recent acquisition of Jean Jeanie, Lee Cooper has diversified into retailing and with Reno and Otto Albert into West Germany and Austria. Future acquisitions are likely to follow similar routes, into retailing and geographic expansion. Profits are expected to recover this year to just over £9m producing a prospective p/e of 5.5, although a continuing reduction in the tax charge—from 50 to 45 per cent this year—should improve eornings per share.

Windsor enters CGA fight

A NEW player yesterday entered the already complex takeover battle for the Country Gentlemen's Association when Windsor Securities, the Lloyd's insurance broking group, expressed tentative interest in some form of tie-up with the CGA which would leave it as a separate, public company.

The CGA, which provides financial services to its 32,000 members, as well as non-members, has agreed to a bid from the Fredericks Place Group and is fighting a rival offer from Bestwood, the investment group.

Windsor said yesterday that it was studying the CGA's bid position. The two current offers, it added, appeared to put at risk the public status, independence and long-established infrastructure of the CGA.

Windsor's Lloyd's broking activities, it argued, were very compatible with the insurance broking and professional services activities of the CGA.

Mr John Carr, Windsor's chairman, said that the current undertakings of the major shareholders in the Association appeared to inhibit any initiative by Windsor at the moment.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ambrose Inv.	6.39	—	5.82	9.75	8.82
P. Bilton	7.98	—	6.6	11.98	10.5
High Gosforth Park	¶20	—	15	¶20	15
Lee Cooper	2.8	July 1	2.28	4.2	3.68
National Home	0.68	June 20	—	—	—
Pritchard	1.45	Aug. 11	2.7	2.55	3.8
Telecomputing ‡int	0.65	—	*0.33	—	*0.75
Utd Frinedly‡	12.1	June 7	10	17.2	14.6

Dividends shown in pence per share except where nthervise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Includee special bonus nf 5pc.

Less than 0.5% of Distillers take cash

Guinness announced yesterday that holders of 87.5 per cent of Distillers shores had accepted its offer by last Friday.

Only o very small number of Distillers' shareholders have decided to accept the caeh alternative—equivalent to 0.49 per cent of the shares underwritten under the terms of the cash alternative.

"The underwriters nf the cash alternative will not be required to take up any new Guinness ordinary stock units pursuant to their underwriting commitments," said Guinness.

It added that due to the very low take-up of the cash alternative, the number of new Guinness ordinary shares made available by acceptances of the cash alternative is insufficient to satisfy ordinary share elections in full. They will, therefore, be scaled down on a pro rata basis to 3.64 per cent.

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Baring Brothers & Co., Limited — *Dai-Ichi Kangyo International Limited*
Daiwa Europe Limited — *Fuji International Finance Limited*
Kleinwort, Benson Limited — *Kuwait Investment Company (S.A.K.)*
Mitsui Trust Bank (Europe) S.A. — *Morgan Guaranty Ltd*
Morgan Stanley International — *The Nikko Securities Co., (Europe) Ltd.*
Nomura International Limited — *J. Henry Schroder Wagg & Co. Limited*
Taiheiyo Securities Co., Ltd. — *Taiyo Kobe International Limited*
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- active marketing of an issue to investors to develop firm placement opportunities
- appointment of an experienced dealer to maintain regular contact regarding market conditions and funding strategy
- provision of a fully integrated service, including the provision of guarantees, back up facilities and ageocy arrangemeots for issuance, delivery and redemption of paper.

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Telephone: 01-588 6464 Telex: 887213 Facsimile: 01-588 5588

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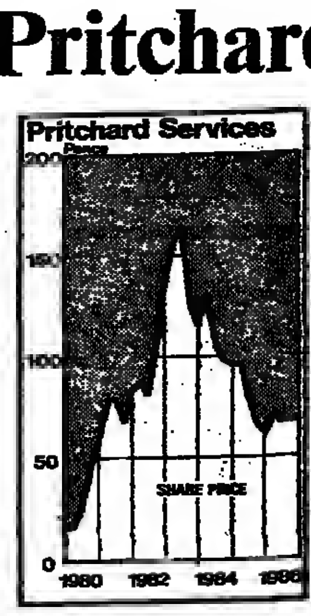
UK COMPANY NEWS

Sliding Pritchard writes off £11m

Pritehard Services Group, the cleaning and maiotenance concern which last February saw the Receiver appointed at its relative ICC Oil Services, yesterday reported a 30 per cent fall in taxable profits to just over £10m, and ao £11m write off which left the company io the red for the 1985 year.

In view of tha disappointing result, the directors bave decided lo cut the fioal dividend from 2.7p to 1.45p, making a total for the year 1.25p lower at 2.55p.

Mr Peter Pritehard, the chairman, says "the board is determined to restore the dividend to the previous level and to resume the increasing trend of earlier years as soon as possible." Under the agreement with the group's bankers by which they support its recovery plans, any dividend payment reouires the banks' approval.



Turnover for the year fell from £446.59m to £412.13m—wilb an adverse foreign exchange swing of £80m—and produced operating profits £3.9m lower at £14.95m, even after a £1.72m net profit on property disposals io the UK.

Currency translatioos also reduced operating profits by around £1.8m. Profits from subsidiaries were down from £18.85m to £14.95m, and groop share of associates fell from £2.56m to £619,000.

On the plus side, the cbairman says that 1985 has started on an encouraging note with management accounts sbowing first quarter taxable profits up by around one third on 1985 at eonstant exehange rates.

Commenting on the year under review, Mr Pritchard says that in North America, Canadian building maintenaoce and security services failed to sbow an improvement oo the poor first-half performance. "Consequent managemeot changes are now correcting this situatioo."

US catering and vending, under new managemeot following the departure of the founders, has introduced cost reductions and has enhanced marketing competence with resulting favourable indications, to the extent that the first quarter of this year is on plan and, at tha operating profit level, represents around 60 per cent of tha last full year's results.

Homa bealth care was the group's other principal problem. Added marketing and administrative costs designed to achieve a markedly enhanced level of turnover took their toll of profit and a "considerable loss" resulted. However, in the first quarter of this year turnover is at an all-time high and 28 per ceot up on the comparative period last year.

Funding of new enterprises was in areas where the group expects good organic growth. It does not expect UK bospital support services to be in profit this year, but expects substantial reductions in support costs.

Extraordinary costs totalled £11.15m (£6.12m), of which £4.33m was attributable to ICC Oil. A further £6.12m of goodwill relating to ICC has been written off directly to reserves, making the total provision for the failed company £10.46m.

The attributable loss comes out at £3.65m (profit £5m), and the dividend will increase the deficit to £6.8m for the year.

● comment

Things did not go well at Pritchard Services last year. It had expanded too fast and too carelessly, and has had to pay the price in a series of losses and write-offs. Unhappy diversification into catering and health care in the US was the maio reasons for the fall in trading profits while heavy write-offs in Saudi Arabia and against Pritchard's stake in the bankrupt ICC led to an indigestible attributable loss. Even though Pritchard's other businesses moved ahead, currency movements did their otmost to negate any progress overall. However this year looks distinctly better, with the loss-making subsidiaries reacting to treatment and now generating profits. This makes the decision to cut the dividend odd; the company is vulnerable to a bid, so one can only guess that it had little choice in the matter. Similarly, the large reduction in shareholders funds, which are down from £110m to £60m, can only fan market rumours that a bidder — Hawley is the favourite—will shortly make a move. This explains the stability of the share price, down 1p yesterday to 66p, putting the shares oo a prospective p/e of 9 assuming, perhaps optimistically, that the company makes £13m in pre-tax profits.

Pearson in £2.4m disposal

BY RAYMOND SNODDY

Westminster Press, part of the information and eotertainment section of Pearson, has sold the Bedford Couoty Press to EMAP, the regional newspaper and magazine publishing company, for £2.35m.

Bedford County Press employs 300 people and publisbes eight weekly oewspapers. The group made a profit of £267,000 in 1985 after exceptiooal items and before Westminster Press group charges oo a turnover of £7.35m. EMAP will also collect and account to Westminster Press for net trade debtors.

The original plan to sell Bedford County Press to a company formed by Mr John Barrons, a former Westminster Press chief executive, and Mr Peter Fowler did not go ahead.

The planned acquisition by Mr Fowler and Mr Barrons of The Northern Press (Sooth Shields) from Westminster Press bas been completed.

EMAP also announced yesterday the acquisitioo from Compass Press of Minicomputer News.

Bell buys more Morgan Crucible

Mr Robert Holmes à Court's Bell Group has iocreased its stake lo Morgao Crucible by 700,000 shares to 9.5m or 10.75 per ceot of the issued capital.

According to Dr Bruce Farmer, Morgao's managing director, Bell wrote and notified the company of the increased slake last weekened. In the past few weeks, Bell sold part of its Morgan stake for a £1m or so capital profit. The recent purchases take the Bell bolding almost back to its previous level.

In the last week the market, in reaction to the Russian oiiclear power station disaster, has put 16p on Morgan's shares. First Castle Electronics, which Morgan took over recently, manufactures Boron 10 — an element used to absorb radioactivity

This advertisement is issued in accordance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any securities.

Ashley Industrial Trust p.l.c.

(Registered in England No: 421037)

Issue of up to 2,795,989 'A' Ordinary Shares of 5p each and £343,669 9 per cent. Convertible Unsecured Loan Stock

This advertisement appears in connection with the issue of up to 2,795,989 'A' Ordinary Shares of 5p each of Ashley Industrial Trust p.l.c. and of £343,689 nominal of 9 per cent. Convertible Unsecured Loan Stock. 2,009,600 'A' Ordinary Shares of 5p each are to be issued pursuant to a rights issue, and a further 328,164 'A' Ordinary Shares of 5p each and £343,689 nominal of 9 per cent. Convertible Unsecured Loan Stock are to be issued in connection with the acquisition by Ashley Industrial Trust p.l.c. of the entire issued share capital of Statebright Limited. A further 458,225 'A' Ordinary Shares of 5p each would fall to be issued if the conversion rights attaching to the Loan Stock are exercised in full. *Application has been made for the 'A' Ordinary Shares to be admitted to* the Official List. No such application has been made in respect of the 9 per cent. Convertible Unsecured Loan Stock.

Copies of the listing particulars in connection with the issue of the 'A' Ordinary Shares and the 9 per cent. Convertible Unsecured Loan Stock are available in the Extel Statistical Services. Copies may also be obtained *(collection only) during normal business hours on any weekday* (Saturdays and Public Holidays excepted) up to and including 30th May, 1986 from:

Northcote & Co., 119-125 Finsbury Pavement, London EC2A 1JJ.

Ashley Industrial Trust p.l.c., Hill House, Little New Street, London EC4A 3TR.

and until 9th May, 1986 only from: The Stock Exchange, London EC2P 2BT.

7th May, 1986.

FT FINANCIAL TIMES CONFERENCES

The 1986 World Motor Industry Conference

– Vehicle Distribution and Marketing

Geneva, 28 & 29 May, 1986

Distribution and marketing have been less effected than other functions by the dramatic developments sweeping across the motor industry. This is due to change as so major a cost centre comes under increased scrutiny and the 1986 FT Motor Conference is devoted exclusively to this significant and increasingly topical subject.

Mr John Hambly
Division Vice President & General Manager
Hertz Europe Limited

Mr Fabian Linden
Executive Director
Consumer Research Center
The Conference Board Inc

Mr Paolo Bernadelli
Vice President, Sales & Marketing
Fiat Auto SpA

Mr Walter Frey
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Emil Frey AG

M. Gabriel de Berard
Group Director Europe
- Aftermarket & Communications
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Mr Sten Wennlo
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Saab-Scania AB

Mr Victor Dial
Commercial Director
Automobiles Peugeot

Mr Martin Swig
President
San Francisco Auto Center

Mr Donald Kress
Vice President
Booz-Allen & Hamilton Inc

Dr John Treasure
Vice Chairman
Saatchi & Saatchi Compton Ltd

Mr Don McCrickard
Managing Director
United Dominions Trust Ltd

The 1986 World Motor Industry Conference

To: Financial Times Conference Organisation
Minster House, Arthur Street,
London EC4R 9AX
Tel: 01-621 1355
Telex: London 27347 FTCONF G

Name
Title
Company/Organisation
Address
Country
Telephone
Telex
Type of Business

CORRECTION TO NOTICE OF CALL AND REDEMPTION FOR DOW CHEMICAL OVERSEAS CAPITAL N.V.

Notice is hereby given to the holders of Dow Chemical Overseas Capital N.V. US$200,000,000 9⅞ per cent guaranteed bonds 1994, guaranteed as to payment of principal, premium (if any) and interest by the Dow Chemical Company (the "bonds"), that, pursuant to condition 6(c) of the bonds, all of the outstanding bonds have been called for redemption prior to maturity as of June 23 1986 (previously stated June 16 1986) in accordance with their terms at a redemption price of 101½ per cent of the principal amount thereof, together with accrued interest thereon to June 23, 1986 (previously stated June 16, 1986).

The redemption price of and accrued interest on the bonds shall become due and payable on June 23, 1986 (previously stated June 16 1986) and from and after June 23 1986 (previously stated June 16 1986) interest on the bonds shall cease to accrue.

Holders of the bonds and of the coupons appertaining thereto will receive payment of the redemption price and accrued interest to which they are entitled upon presentation and surrender thereof at the offices of European American Bank & Trust Company, 10 Hanover Square, New York, New York 10005. Dated this Wednesday of May 7, 1986.

CORRECTION TO NOTICE OF CALL AND REDEMPTION FOR DOW CHEMICAL OVERSEAS CAPITAL N.V.

Notice is hereby given to the holders of Dow Chemical Overseas Capital N.V. US$120,000,000 8 per cent guaranteed notes 1986, guaranteed as to payment of principal, premium (if any) and interest by the Dow Chemical Company (the "notes"), that, pursuant to condition 4(c) of the notes, all of the outstanding notes have been called for redemption prior to maturity as of June 23 1986 (previously stated June 16 1986) in accordance with their terms at a redemption price of 100¼ per cent of the principal amount thereof, together with accrued interest thereon to June 23, 1986 (previously stated June 16 1986).

The redemption price of an accrued interest on the notes shall become due and payable on June 23 1986 (previously stated June 16 1986) and from and after June 23 1986 (previously stated June 16 1986) interest on the notes shall cease to accrue.

Holders of the notes and of the coupons appertaining thereto will receive payment of the redempdon price and accrued interest to which they are entitled upon presentation and surrender thereof at the offices of European-American Bank & Trust Company, 10 Hanover Square, New York, N.Y. 10005. Dated Wednesday of May 7, 1986.

NOTICE OF EARLY REDEMPTION ON 17th JUNE, 1986

BARCLAYS

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.
(Incorporated with limited liability in the Netherlands)

U.S.$100,000,000 8½ per cent. Guaranteed Bonds 1992
Guaranteed on a subordinated basis
by
BARCLAYS BANK PLC
(Incorporated with limited liability in England)

Notice is hereby given that all the outstanding Bonds of the above-captioned issue (the "Bonds") will be redeemed, in accordance with Condition 6(c) endorsed on the Bonds, on 17th June, 1986 (the "redemption date") at the redemption price of 101 per cent. of their principal amount, together with interest accrued to the redemption date.

No payment of interest will be made on Coupons due for payment on 15th September, 1986. Accrued interest on the Bonds in respect of the period from 15th September, 1985 to the redemption date (amounting to U.S. $64.22 for each U.S. $1,000 principal amount of Bonds) will be paid on the redemption date in the manner specified below. Subject as mentioned in Condition 5 endorsed on the Bonds, interest will cease to accrue as from the redemption date.

Payment of the redemption monies, including accrued interest, will be made in accordance with Condition 8 endorsed on the Bonds, at the specified office of any of the Paying Agents against surrender of Bonds. Bonds should be presented for payment together with all unmatured Coupons, failing which the amount of the missing unmatured Coupons will be deducted from the principal amount due. Any amount so deducted will only be payable as mentioned in Condition 8.

Principal Paying Agent
Barclays Bank of New York NA
300 Park Avenue
New York, NY 10022
U.S.A.

2nd May, 1986

Bilton rise only modest as interest charges soar

A SHARP rise in interest charges held Percy Bilton, property developer and builder, to only a modest rise in taxable profits in 1985. The outcome was £10.65m against £10.19m, after interest £2.53m higher at £3.58m.

Turnover was down from £32.12m to £30.56m, but produced profits on the group's trading and investment activities £3m up at £14.23m. The directors say that the trading divisions continued to make a worthwhile contribution to overall profitability.

They are also optimistic as to the growth of investment income, with the upturn in the number of rent reviews, new buildings becoming rent producing on new developments, and the fall in the already low level of vacant units.

The final dividend is lifted from 6.6p to 7.98p, making the year's total 11.98p against 10.5p. Earnings were ahead 2.8p at 20.3p, and the directors estimate net asset value of 298p (282p) per share.

Holders of accumulation shares will receive a scrip issue in lieu of cash, plus a nominal cash dividend of 0.1p per share.

In the absence of any immediate need for it and on grounds of expense, the directors have not commissioned a full valuation of the portfolio for 1985. They have, however, decided to revalue that part which includes properties where the tenure has changed during the past 12 months and the properties bought in Hounslow in the early part of 1985. On this conservative basis the portfolio has increased to not less than £155.14m (£130.51m).

Tax for the year came to £2.7m against £3.38m, and there was an extraordinary profit less tax of £381,000 (£1.87m).

● comment

Percy Bilton has never been one of the stars of the property sector and this set of results will do little to alter its status. Yesterday the company's shares remained unchanged at 258p. Percy Bilton is a cryptic company, yet it is thought that the decline in construction activity was largely responsible for the fall in turnover. House building, by contrast, was relatively buoyant, although the company has no plans to expand this area at present. Industrial property activities reflected the sluggish state of the sector, but Percy Bilton, like every other property company, hopes that the continuing fall in interest rates will add a fillip this year. The expansion of freehold property investment continues, with freehold absorbing 90 per cent of the portfolio now compared to just 35 per cent 18 months ago. Last year Percy Bilton diversified into the commercial property sector for the first time with the acquisition of two office blocks and plans to continue to slowly, but surely broaden its property base in the next few years. The City expects relatively pedestrian profits growth to £11m and a p/e of 13 for 1986, leaving high yield as the chief attraction of the stock.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Diploma, Imperial Cold Storage and Supply, Royal Bank of Scotland, Whessoe.

Finals: Barker and Dobson, City of Oxford Investment Trust, James Fisher, Harris Queensway, Molynx, Nurdin and Peacock, Silentnight, Third Mile Investment.

FUTURE DATES

Interims—	
Barton Transport	May 8
Velin Pollen International	June 4
Finals—	
Duport	May 14
Edbro	May 29
London and Northern	May 21
PWS International	May 8
Steaua Romana	May 14
Unigate	June 16

Acquisitive Bunzl buys another mixed bag

By Lionel Barber

Bunzle, the fast-growing paper and plastics group, yesterday reinforced its reputation as one of Britain's most acquisitive industrial holding companies by announcing a string of acquisitions in the UK, Australia and the US, at a cost of £14.9m.

The companies bought by Bunzle are Southern Paper Company (Brighton), a distributor of fine paper to the printing and stationery markets; Microwave Systems, an industrial calibration centre servicing defence contractors; Hudson Shepherd Transport, a specialist carrier to the textile trade in the North of England; James Hardie Packaging of Brisbane, a converter of paper and plastics bags, which will operate under the name of Queensland Paper and Plastics; Throop-Martin Company, a building supplies distributor based in Ohio, US.

These companies have combined annual pre-tax profits of £2.2m and net assets amounting to an estimated total of £7.5m.

A further payment of £0.5m may be made depending on future profits of the businesses which employ a total of 300 people.

Last month, Bunzl unvelled its third major agreed bid in seven months with a shares and cash offer for Robert Moss valuing the plastics mouldings manufacturer at £26.7m.

PRESTWICH HOLDINGS has received acceptances in respect of 8,811,719 ordinary, representing 93.7 per cent of Bush Radio. At an egm held on the same day the resolution to approve the acquisition of Bush was passed.

Bennett & Fountain optimistic

Bennett & Fountain Group has reported pre-tax profits of £668,000 for the nine months to end-1985. There are no comparable figures given. The group, which joined the USM in January 1985, achieved £402,000 pre-tax for the six months to end-September, and £763,000 for the 14-month period to end-March 1985.

The directors of the group, an electrical goods and domestic appliances wholesaler and retailer, have also announced the acquisition of the B. B. Adams Group which operates four retail outlets in Norfolk. They believe this purchase will be seen as a significant contributor to profits.

The group's year end is now June 30, and the directors say the outlook for the period is for sustained growth, and they intend recommending a satisfactory dividend for the current period.

Total turnover for the period was £7.7m against £3.75m for the six months and £6.56m for the 14 months.

Consideration for the Adams acquisition is £250,000.

Newmarket Co

Newmarket Co, Bermuda-based investor in venture capital projects, had a total revenue of US$159,000 (£107,000) for the three months to March 31 1986, against a previous $279,000.

Mr Alan Henderson, the chairman, says that the group has had an active first quarter. It raised $10m from the sale of quoted stocks, invested $2.2m in further financings in 13 existing investments, and provided $1.4m for five new ventures.

The company's asset value per share at end-March was $2.5 (£1.69), against $2.44 (£1.69) three months earlier and $2.38 (£1.92) a year earlier.

National Home turns in £0.8m at midway

National Home Loans Corporation, which came to the market last September, has produced slightly disappointing maiden interim figures of £788,000 pre-tax.

Mr John Darby, chairman, said that the company was enjoying excellent progress by offering "quick, low cost mortgages." Mortgages had already been acquired form 11 public sector bodies and agreements reached with a further 17, which will recommend that borrowers transfer over to NHLC in the next two months.

In addition, portions of the Scottish Life and Sun Alliance national mortgage portfolios had been transferred to NHLC.

To finance its growth the company is calling for the £50m unpaid half of its initial £100m issue of shares and 8 per cent loan stock to be paid by June 11. A £100m five-year loan at 0.25 per cent above Libor has also been arranged through Citicorp.

An interim dividend of 0.68p is being paid.

● comment

NHLC has shifted its emphasis away from Local Authority mortgages to the much richer vein to be tapped with life insurance companies. NHLC now aims to provide the life offices and other financial institutions with a quick answer to mortgage proposals from larger borrowers. Two factors determine the company's margins. First, the cost of funds, or just how cheaply NHLC is able to borrow on the wholesale market. Second, keeping overhead costs down. In these interim figures office expenses were a full ½ per cent above the 1.7 per cent of mean total assets set as a target at the time of the flotation. Just how tight a position this creates for NHLC can be seen from the pricing of the £100m facility. If this had been available today it would be carrying an interest rate of just under 10.75 per cent (and there is an undisclosed arrangement fee to come on top of this) while most of NHLC's mortgages are at 11 per cent. Full year forecasts have already been trimmed to £2.8m pre-tax and the shares look fairly stuck at 38p.

Harvard/Dewey

Harvard Securities, the licenced dealer and over-the-counter market-maker, has taken a 6.5 per cent stake in Dewey Warren Holdings, the USM-quoted Lloyd's insurance broker.

Dewey was adversely affected by currency movements in 1985 and reported a decline in pre-tax profits from £1.18m to £1.01m.

Its shares fell 3p to 95p yesterday, at which level the company is valued at £4.1m.

Harvard has been active on the bid front recently, making an unsuccessful offer for United Computer and Technology, the investment trust, and then bidding from City & Foreign Investment.

Park Place approach

Park Place, a supplier of accountancy and computer training courses, announced yesterday that it had received an approach which might lead to a bid being made for the company.

Its shares rose 48p to 308p to value the company at around £41m.

Formerly known as Park Place Investments, the company has itself made several small acquisitions in recent months. It bought Mary Glasgow, a publisher of language teaching magazines; Edwards and Wybe Publications, a distributor of professional and technical books; and in February made an agreed bid for United Computer and Technology Holdings, an investment trust.

UK COMPANY NEWS

Blick Intl. sets the time for its stock market debut

BY LUCY KELLAWAY

THE IMAGE of the factory worker clocking in and out has a decidedly old fashioned feel about it.

So when Blick Internotional, by far the largest seller of time stamps in the UK, comes to the market at the eod of this month, it will be anxious to prove that its industry has a good deal of life left in it.

Blick, which was established in 1919, has been selling time slamps for more than fifty years. It bas an annual turnover of about £15m, and should be valued at obout £25m.

The company freely admits thal there is liltle scope of increasing its base of 30,000 customers. However, Blick bos flourisbed in recent years by selling to existing customers increasingly sophiaticated and correspondingly more expensive equipment.

The traditional electro-mechanical machines are gradually being replaced by electronic stamps, which can do all the tasks performed by wages clerks. Selling the electronic machines, which cost up to £4,000, is much more profitable than selling the traditiooal stamps which sell for less than £1,000.

Blick buys nearly all of its equipment from abroad. Its major supplier is Ahaco in Japan, the world's leading maker for time recording machines, with which Blick bas an exclusive contract to sell its macbines in the UK. The company atill produces a few of the old fashiooed machines from its fsclory in Exeler.

About balf of the time recorders are sold and the other half reoted under loog-term index-lioked cootracts. Togetber with service and mainlenance work, this provides the company with a steady base of recurring income.

Blick has become the leader in its field—it is mucb larger than its biggest competitor, Tele Reotals — partly by organic growth, and partly by buying up smaller rivals.

As well as time recorders, Blick makes and distributes paging equipment. Il claims to be the only compony in lhe UK to make alphanumeric on-site pagers.

These machines can display a brief message and are useful in fairly small areas like bospitals ond office buildings. A Blick paging system has been bought by the Conservative Party for use in the House of Commons.

The company was tha subject of a management buy-out in 1964, when it was voloed at less than £300,000. Mr Alan Elliot, the chairman, and his family, now own abont 55 per cent of the shares. A further 25 per cent are in institutional hands.

At the flotation about 35 per cent of the shares are likely to be sold, of wbicb only a small part will be on behalf of the company. Strongly cash positive, Blick has little need for casb, but will be raising abont £2m, which will belp fund a programme of acquisitions that it has planned for the future.

The company's profits have risen from about £800,000 in 1983 to about £1.8m in the year to September 1985, on salea up from about £8.7m to about £13.4m.

Wace slows but stays ahead

THE RECENT progress seen at Wace Gronp, typesetter and platemaker, slowed a little in the secood balf of 1985 and pre-tax profits were down from £108,000 to £83,000. But they were still ahead—from £233,000 to £284,000—in tbe full year.

The directors say the group has traditionally experienced seosonal weakness in the second balf, and last year the months of November and December were particulorly difficult. Moreover, profits were struck after higher interest charges—for the full year, these totalled £165,000 against £127,000.

Progress is expected to continue, say the directors, since the group can still improve the profitability of its existing business. The stated policy of the group is to increase its earnings per sbare, to resume dividend payments and to use its stronger fioaocial position to continue to develop profitably by internal growth, as well as by selective acquisitions.

They believe the recent acquisition of Bulls Frieson in south London represents a very valuable oddition to the group's existing divisions, and has added an important dimension to its business.

Stated earnings per 20p share on present capital improved from 3.5p to 4.2p after nil Corporation Tax.

Turnover for the year was £4.99m against £4.74m. After deferred tax provision of £43,000 and extraordinary charges of £66,000 (£183,000), retained profits were £175,000 compared with £50,000.

Wace's shares closed yesterday 4p higher at 55p.

Circaprint confident as orders rise 30%

FIRST-HALF profits of Circaprint Holdings improved from £336,000 to £367,000 from a turnover £210,000 ahead at £3.95m.

The directors say signs are pointing to an improving pcb market and with an order book some 30 per cent up on last year and predictions that this trend should continue they are looking for a stronger second six months.

The new multilayer factory at Aylesford is running well in line with the production planned for this stage and the adjacent new conventional factory (to replace the Gillingham and Maidstone operations) will come on-stream at the end of this month as planned.

Shareholders are told that the benefits of this rationalisation should start to show through by the end of the financial year.

Tax for the first six months (to February 28 1986) took £139,000 (£111,000) to leave same-again earnings of 4.3p per 10p share.

Circaprint's shares are traded on the USM. The company came to the market via an introduction in January 1984—its main activity is the manufacture of conventional and plated through-hole circuit boards.

Telecomputing up 11% to over £0.4m

An 11 per cent increase in pre-tax profits, from £366,000 to £406,800 has been achieved by Telecomputing, USM-quoted developer of computer software, in the six months to end-March 1986. For the year ending September 1985 it mada £811,000.

An interim dividend of 0.65p is being paid, against 0.325p adjusted for the one-for-one scrip issue in December. Earnings per 10p share are shown ahead from an adjusted 4.45p to 7.33p.

The group, which is based in Oxford, improved its turnover by 6 per cent to £1.41m (£1.33m) over the half-year.

Top-One is the first product to emerge from the group's research and development programme started in 1983. The core of the work has been the developmant of a busioess orientated version of Prolog designed to operate on data processing mainframes.

Top-One will give a boost ta the company's current product, TPS4,—a transaction processing system for ICL mainframes. However, the directors say that the main effect will be to take Telecompnting into the larger IBM marketplace with a technically advanced product at the time wben there is a significant increase in tha awareness of the potential of tha emerging AI technology.

After a tax charge of £58,000 (£153,100), attributable profits increased from £212,900 to £348,800.

Emess attacks Rotaflex record

BY LIONEL BARBER

Emess Lighting, the fast-growing UK lighting group, yesterday launched a stinging attack on Rotaflex, the rival lighting group for which it has bid £31m.

Emess says in its formal offer document that Rotaflex'a profits track record is erratic and has contributed to mounting debt within the group. Interest payable in 1985 at £1.54m, is 82 per cent higher than the previous year, Emess says.

Rotaflex countered with an announcement that it had formed "closer strategic global links" with tha New York-based Bairnco Corporation. The link-up includes a new UK-based joint venture to exploit the two companies' microprocessor lighting technology and a boost to current reciprocal sales arrangements.

Mr Michael Frye, Rotaflex's chairman, said the timing of the announcement was not linked to Emess'a offar document. "Talks have been going on since last September," he said.

Bairnco produced sales of $537m and an operating profit of $50.7m (£33m) in 1985. Its subsidiary, The Genlyte Group, owns Lightolier Incorporated which has had a reciprocal licensing agreement with Rotaflex for 26 years.

Mr Michael Meyer, chairman of Emess, said of the Rotaflex announcement: "This does not change my view of the company one iota. I could come out with similar press releases every week about future developments. What people are really interested in its current performance."

Emess is offering 90 new shares for every 100 in Rotaflex. On the basis of last night's closing prices for Emess, 317p unchanged on the day, the offer values Rotaflex, 338p unchanged, at 285p per share. There is a cash alternative of 252p per share. Mr Meyer acknowledged that, at yesterday's prices, the Emess offer was not high enough to win the day.

Evans Halshaw listing

Evans Halshaw, the motor distribntion group is planning to get a full Stock Exchange quotation in the next two months.

The company was a subsidiary of LCP Holdings, the diversified West Midlands industrial group, until it was bought out by its management in December 1984 for £10m. The flotation, which is being sponsored by Phillips and Drew, is likely to place a valua on the group of about £20m.

The company operates 17 multi-franchise car dealerships; is a wholesaler of replacement car parts, and has a fleet of 3,000 business vehicles for hire.

In the last five years, group turnover has donbled to reach £151.7m in 1985, while trading profit has risen from £1.6m in 1981 to £3.8m in 1985.

Company Notices

IRELAND

US$25,000,000

Floating Rate Notes due 1987

In accordance with the provisions of the Notes, notice is hereby given that for the interest period from May 6th, 1986 to November 6th, 1986 the Notes will carry an interest rate of 7¼%.

The coupon amount per US$100,000 Note will be US$3,641.67. The Interest Payment date will be November 6th, 1986.

Agent Bank
AMSTERDAM-ROTTERDAM BANK N.V.
London Branch

DEAN WITTER WORLD WIDE INVESTMENT TRUST SA

société anonyme d'investissement

Registered Office: LUXEMBOURG

14, rue Aldringen

RC LUXEMBOURG Section B 21325

DIVIDEND ANNOUNCEMENT

The shareholders are hereby informed that the Annual General Meeting of April 25th, 1986 has approved the payment of a dividend of US$0.10 per share to shares subscribed and in circulation on April 25th, 1986, payable on or after May 9th, 1986 against presentation of coupon No. 1.

The shareholders can cash the dividend at the following bank:

Banque Generale du Luxembourg SA
27 Avenue Monterey, Luxembourg

The Board of Directors

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE

NOTICE TO SHIPPERS AND CONSIGNEES
TRAFFIC TO CANADA

The Member Lines of the above Conference operating services from the United Kingdom, Northern Ireland and the Republic of Ireland to Canadian Maritime/St Lawrence River and Great Lakes ports wish to advise shippers and consignees that a review of Section 2 rates due to expire on 30th June 1996 has been undertaken and revised levels of rates will become effective 1st July 1986, details of which may be obtained from any of the undermentioned Lines.

Atlantic Container Line Gie
Canada Maritime
Cast (1983) Ltd.
Hapag Lloyd AG
ML Containerline Ltd.
Sea-Land Service Inc.

CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD., Secretaries.

Stoner House,
Kilnmead,
Crawley,
West Sussex, RH10 2BG.
May 1986.

OFFICIAL NOTICE

Pleased be advised that the following London Metal Exchange Silver Warrant has been replaced and should now be considered null and void. WARRANT NO. 339979. BRAND: BURMA MINES. WEIGHT: 9,519.650 Troy Ounces. Location: Silver Vault, Japan Warehouse, C. Steinweg, Rotterdam.

C. STEINWEG,
Willemskade 20, 3012 DM,
Rotterdam, Netherlands.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St., W1. 01-734 0557.

THE HOKKAIDO TAKUSHOKU BANK LIMITED

(Incorporated with limited liability in Japan)

Garrard House, 31/45 Gresham Street, London EC2R 7BD

US$20,000,000

CALLABLE NEGOTIABLE FLOATING RATE DOLLAR CERTIFICATES OF DEPOSIT
DUE 19 JUNE 1987

In accordance with the provisions of the certificates, notice is hereby given that The Hokkaido Takushoku Bank Limited ("The Bank") will prepay the principle amount on the next interest Payment Date, 19 June 1986, together with interest accrued to that date.

Payment will be made against presentation and surrender of the Certificates at the Bank's London Branch.

Agent Bank
FIRST INTERSTATE LIMITED

To the Holders of

SCI FINANCE N.V.

5% Guaranteed Convertible Subordinated Debentures due July 1, 1998
(convertible into Common Stock of SCI Systems, Inc.)

Notice is hereby given to holders of the above debentures (the "Debentures") that SCI Systems, Inc., the guarantor, proposes to issue, at par, 3% Convertible Subordinated Debentures due July 1, 2001 on or about July 1, 1986.

Details of the proposed issue, including the terms on which Debentures may be exchanged for debentures under the new issue until May 23, 1986, will be available in the Extel Statistical Service from Monday, May 19, 1986 and from Nivison Cantrade Limited.

Holders of Debentures who elect to convert will continue to be entitled to receive the full semi-annual interest payment payable on July 1, 1986.

Nivison Cantrade Limited
11 Copthall Avenue
London EC2R 7LU

May 7, 1986

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UK COMPANY NEWS

STOCK EXCHANGE BUSINESS IN APRIL

Equity turnover at record £18bn

BY NIGEL SPALL

EQUITY TURNOVER in April expanded to a record £18.14bn, reflecting volatile conditions in financial markets following the US/Libya conflict. Corporate takeover activity and a further half of a point cut in UK bank base lending rates to 10½ per cent continued to boost business, while the 22 trading days were three up on March, which recorded £16.2bn of business in ordinary shares.

Turnover was also boosted by trading statements from top names and a £406m rights issue from Saatchi and Saatchi, the international advertising agency.

The Financial Times turnover index for ordinary shares rose to an all-time peak of 3,237.6. Although the number of bargains transacted in ordinary shares contracted by 4,695 to 741,901, the average value per bargain was £2,800 higher at £24,500.

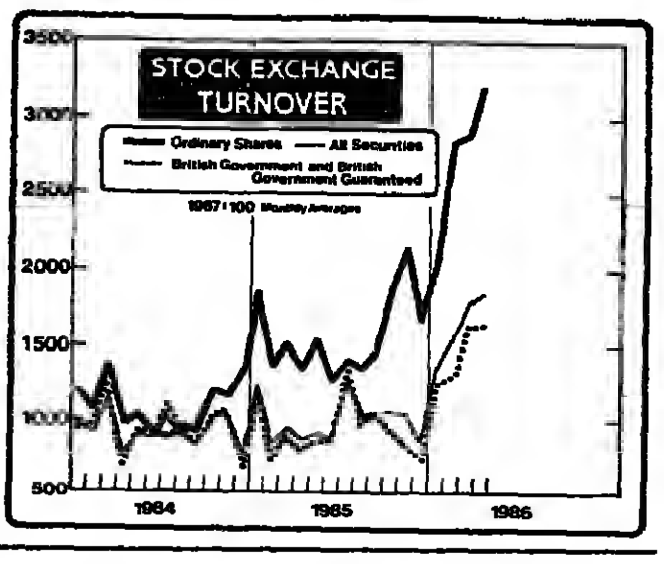
The FT Ordinary share index registered a fall of 28.5 points on April 15, its biggest one-day fall in points terms, but as the effect of the US/Libya conflict receded, it staged a tentative rally. The index ended April 4.9 points higher on balance at 1,394.9, having attained an all-time high of 1,425.9 on April 3.

Turnover in British Government Securities rose by 1.2 per cent to a record £38.77bn. Business in the shorts fell by £1.34bn to £19.59bn, but was more than compensated by increased activity in longer-dated and irredeemables where trade expanded by £1.81bn to £19.18bn. The FT turnover index for Government Securities rose to an all-time high of 1,640.9.

Gilt-edged prices were underpinned by both the cut in interest rates and the strength of sterling. The FT Government Securities index touched 94.51 on April 18 before closing the month 1.37 points higher at 93.35.

The rise in sterling during the month depressed South African gold shares. Standing at 290.5 on April 3, the Gold Mines index dipped to 244.2 on the last day of the month to show a decline of 42.7.

Total stock exchange turnover in April was £2.06bn higher at a peak of £59.96bn, and the Financial Times turnover index for all securities was a record 1,837.4 compared with the March level of 1,774.1.



Category	Value £m	% of total	No. of bargains	% of total	Average daily value £m	Average bargain value £000s	Average number of daily bargains
BRITISH FUNDS							
Short dated (5 years or less to run)	19,589.9	32.6	33,130	3.7	890.5	591.3	1,506
Others (over 5 years)	19,178.6	32.0	44,647	5.3	871.8	429.7	2,029
TOTAL	38,768.5	64.6	77,777	9.0	1,762.3	498.5	3,535
IRISH FUNDS							
Short dated (5 years or less to run)	841.8	1.4	1,621	0.2	38.3	517.6	74
Others (over 5 years)	1,295.4	2.2	2,188	0.2	58.9	597.9	99
UK Local Authority	20.3	0.1	848	0.1	0.9	10.6	39
Overseas Government	233.9	0.4	1,880	0.2	10.6	6.3	85
Other Fixed Interest	655.6	1.1	36,981	4.3	29.8	17.7	1,681
Ordinary shares	18,143.5	30.2	741,901	86.0	824.7	24.5	33,723
TOTAL	59,960.0	100.0	863,196	100.0	2,725.5*	69.5*	39,236*

* Average value of all securities.

APPOINTMENTS

National Westminster Bank posts

Mr Robert Robinson has been appointed a director of NATIONAL WESTMINSTER BANK'S eastern regional board. He has been chairman since 1978 of Robinson & Sons, Chesterfield. **Mr Peter A. Manle** has been appointed chief accountant of NatWest's financial control division, succeeding **Mr W. B. Bernard** on his retirement.

*

Mr J. Brian Jones, at present assistant company secretary of BURMAH OIL, will be appointed company secretary from September 1, following the retirement of **Mr M. A. R. Hastings** at the end of August. **Mr Peter F. Goodwill** will be appointed head of group legal department from that date.

*

Mr John House has been appointed a director of the main board of JARDINE THOMPSON GRAHM. He has also been appointed as a director and deputy chairman of the non-marine division, in which he will be responsible for the UK department operations.

*

Two appointments have been made in the RACAL ENERGY GROUP: **Mr Phil Pembleton** becomes production director of Racal Positioning Systems and **Mr Malcolm Prestwood** technical director of Racal Survey. Mr Pembleton joined Racal Avionics in 1982 as production manager before moving to Racal Positioning Systems in 1983. Mr Prestwood has been with Racal Survey for 19 years. He has held various posts throughout the world, the most recent being regional director, South East Asia, based in Singapore.

*

BINDER HAMLYN is admitting to partnership in the London office: **Mr Christopher Bell, Mr Alan Buckett, Mr Rowland Little, Mr Peter Smith** and **Mr John Snelgrove**. **Mr John Williams** becomes a partner in the Sheffield office and **Mr Dennis Paddock** a tax partner in Wolverhampton.

*

Mr I. G. Purdie has resigned from the board of EQUIPU in accordance with the arrangements made at the time of the acquisition of Purdie & Kirkpatrick in November 1984. **Mr H. Wilson**, managing director of Purdie & Kirkpatrick and its subsidiary companies, has joined the board of Equipu.

*

NATIONAL GIROBANK has appointed **Mr Stephen Anderson** as general manager—North West region from May 7. He succeeds **Mr Bill Guy**, who has retired. He was personal assistant to the group chairman.

*

At the BRITISH INVESTMENT TRUST **Mr B. J. Southcott** has resigned as managing director, but remains a director. **Mr Micheal Usher** has resigned as secretary. **Mr Michael Campbell Penney**, a director, has been appointed secretary until Mr Usher's successor, **Mrs Katherina Miller**, joins the company.

*

LAZARD BROTHERS & CO has appointed **Mr Peter G. Heck** an executive director.

*

Mr Mikio Kawamura, chairman and chief executive of TRILAND METALS and general manager of non-ferrous metal department, Mitsubishi Corporation, London branch, will be returning to Tokyo shortly on being appointed general manager of newer metals and products department, Mitsubishi Corporation. **Mr Yoshisuke Kobayashi**, who has been in the Tokyo main office, will succeed Mr Kawamura in London.

*

Mr Graham Kidson has been appointed to the board of GODSELL & CO.

*

Mr Peter L. Perrins has been appointed to the board of CALEDONIAN ASSOCIATED CINEMAS with particular responsibility as financial director for the leisure division. He was company secretary.

*

Mr Richard Prest has been appointed chairman of FABER PREST. He is the fourth generation of the family to head the company. He succeeds his father, **Mr Charles Prest**, who is retiring. Mr Charles Prest has been elected president.

*

Mr Robin Hitchcock has been appointed a non-executive director of PHILIP HARRIS HOLDINGS. He is chief executive of McKechnie's engineering division. **Mr Brian Cooke** has resigned his non-executive directorship in view of his commitments as executive chairman of Castings.

*

THE CO-OPERATIVE BANK has appointed **Mr Peter Clements** as head of investments, based at the bank's Cornhill office in London. He is currently pension fund investment manager with Albright & Wilson.

*

Mr Fred Pickles has been appointed to the board of WOLSELEY following the acquisition of Grovewood Securities. For a number of years prior to the Grovewood acquisition, Mr Pickles was chairman and managing director of Ashley Accessories and Ranton & Co, two of Grovewood's largest subsidiary companies. Mr Pickles is now chief executive of the electrical and consumer products division of the Wolseley Group.

*

Mr Tom Stobart, managing director, ECC Quarries, was elected chairman of BRITISH AGGREGATE CONSTRUCTION MATERIALS INDUSTRIES, at the annual meeting on May 1. **Mr Don Carr**, chief executive Tarmac Roadstone Holdings, was elected vice-chairman. Mr Stobart succeeds **Mr David Taylor**, executive chairman, Redland Aggregates, who remains a member of the federation's council.

*

Mr M. R. Roper-Caldbeck has been appointed executive chairman of BOUSTEAD, and non-executive chairman of its subsidiary, BOUSTEADCO SINGAPORE, on the retirement of **Mr A. Charton**.

*

WAGON INDUSTRIAL HOLDINGS has made changes to its board. **Mr Paul D. Taylor** succeeds **Mr Peter Kinnear** as chairman. Mr Kinnear, whilst retiring as chairman, will remain on the board as a non-executive director. Mr Taylor was formerly deputy chairman and is a partner of Spicer and Pegler. **Mr John L. Hudson** is appointed group chief executive. Mr Hudson was managing director of the fluid controls division of Delta Group.

*

Mr William N. Carlisle has been appointed assistant managing director of GA GROUP. Mr Carlisle was responsible for all commercial operations of Gilbert Ash.

*

INTERNATIONAL SIGNAL & CONTROL GROUP has appointed **Dr Simon Willder** to the group's main board. He joined ISC in February 1986 as managing director of the group's UK operations.

*

RENTCO NATIONWIDE (subsidiary of Freubauf Corporation, US) has appointed **Mr John Donnelly** managing director and **Mr Gunvant (Gary) Vaid** finance director. Crane Fruehauf Finance subsidiary of Rentco Nationwide has appointed Mr Vaid finance director and **Mr John Keutenius** director.

*

Mr David A. Grenier has been appointed a director of SMITH NEW COURT.

*

H. SAMUEL has appointed **Mr P. J. Cumming** as company secretary and **Mr S. J. Power** as deputy company secretary. Mr Cumming is group financial controller. Mr Power was chief accountant. **Mr K. M. Tamlin** relinquishes the post of company secretary but will continue as a director.

*

METLIFE (UK), a wholly-owned subsidiary of the New York-based Metropolitan Life Insurance Co. has made the following appointments to its board. **Lord Aberdare** is appointed chairman. He was previously vice-chairman and is also chairman of the Albany Life subsidiary. **Mr Ralph Sepel** is appointed managing director and chief executive. Mr Sepel was a founder director of MetLife (UK) and is managing director of Albany Life. **Mr (Mike) Granville** and **Mr R. H. (Robin) Wiseman Dip Jur** have been appointed to the board of MetLife (UK). Both are directors of Albany Life.

*

Following the sudden death of **Mr Harry Sumner** and the retirement of **Mr Alan R. Rumbitt**, N. G. BAILEY & CO has appointed the following directors: **Mr Donald Leeson**, regional marketing manager, becomes sales director; **Mr Bill Crawford**, financial controller, becomes financial director.

*

Following the retirement of **Mr Crawford Black** of Corroon & Black Corp, **Mr Stephen Crane**, finance director of Corroon & Black, and **Mr Douglas Leatherdale**, executive vice president of the St Paul Companies Inc, have been appointed to the board of MINET HOLDINGS. Corroon & Black Corp own 25.2 per cent of the company's issued share capital and the St Paul Companies Inc own 25.8 per cent.

*

INTERPAVE has elected **Mr Bernard Brogan** as its new chairman. **Mr Walley Briggs** becomes vice chairman.

*

HENDERSON ADMINISTRATION has appointed the following as investment directors: **Mr D. A. Collingwood, Mr I. C. Dickson, Mr R. J. Hills, Mr D. H. Hume, Mr C. N. Lindsell, Ms Sally C. Marshall, Ms Jill A. K. Smith, Mr D. E. Taylor**, and **Mr S. V. Toynbee**.

*

Mr David Lambert, managing director of John Ruskin Co., has been elected president of the NATIONAL FEDERATION OF PAINTING AND DECORATING CONTRACTORS for 1986-87.

*

Mr Christopher Outram has been elected a vice president and partner of BOOZ, ALLEN & HAMILTON INC. He will continue to be located in London.

*

ARTHUR YOUNG has appointed **Mr Peter Teague** as director of corporate development for the Birmingham practice. He joins on May 1 from County Bank.

*

ROBSON RHODES has appointed nine partners. In London —**Mr Nicholas Andrew, Mr Nigel Greg, Mr Malcolm McMullan** and **Mrs Helen Riley**. **Mr Charles Moore** (Bradford), **Mr Shaun Mahony** (Cambridge), **Mr Ian Fraser** (Leeds), **Mr Al Burian** (Rochester) and **Mr Andrew Baxter** (Wolverhampton).

NOTICE OF REDEMPTION
BY
THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures U.S. $40,000,000

14¾% Debentures due June 15, 1997

Authorized by By-law Number 75 of 1982

Amount Redeemable June 15, 1986 – U.S. $2,756,000

NOTICE IS HEREBY GIVEN that The Regional Municipality of Ottawa-Carleton will redeem on June 15, 1986 Debentures bearing the numbers listed below at 100% of the principal amount of each Debenture plus accrued interest to the redemption date.

U.S. $1,000 COUPON BEARING DEBENTURES

00022	02162	03982	06291	08279	10379	12503	14431	16510	18391	20389	22340	24196	26202	28269	30202	32098	34051	35991	38187
00033	02173	03989	06302	08282	10413	12518	14442	16529	18442	20390	22341	24211	26241	28270	30227	32105	34089	35998	38188
00043	02188	04010	06309	08294	10424	12536	14461	16532	18443	20400	22358	24228	26252	28288	30261	32109	34106	36043	38210
00050	02195	04047	06331	08322	10427	12539	14472	16533	18447	20411	22373	24232	26253	28291	30268	32119	34122	36046	38213
00051	02199	04088	06332	08323	10445	12567	14486	16576	18458	20445	22385	24244	26289	28292	30272	32142	34125	36047	38231
00120	02207	04091	06343	08338	10446	12573	14498	16595	18480	20448	22395	24262	26290	28303	30293	32148	34155	36054	38243
00142	02229	04098	06347	08359	10460	12582	14508	16650	18512	20460	22406	24266	26301	28309	30301	32174	34173	36087	38247
00171	02242	04099	06357	08378	10471	12616	14520	16672	18520	20466	22407	24276	26308	28321	30305	32185	34183	36069	38253
00172	02261	04124	06368	08389	10479	12623	14527	16682	18523	20467	22417	24283	26311	28353	30311	32186	34187	36101	38254
00187	02262	04125	06375	08415	10533	12624	14531	16683	18531	20492	22429	24327	26333	28357	30316	32208	34206	36112	38257
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
01954	03882	06016	08168	10247	12360	14273	16357	18145	20228	22193	24041	26066	28024	30025	32017	33909	35811	38033	39849
01986	03889	06024	08172	10252	12364	14284	16367	18157	20240	22198	24056	26080	28056	30041	32020	33930	35822	38055	39852
02030	03890	06050	08180	10273	12397	14289	16385	18160	20246	22226	24068	26091	28100	30051	32028	33934	35823	38059	39853
02042	03893	06079	08184	10281	12414	14300	16397	18168	20261	22227	24078	26102	28112	30052	32042	33935	35838	38060	39875
02056	03894	06093	08194	10303	12418	14307	16430	18205	20316	22242	24100	26114	28115	30058	32049	33942	35845	38081	39892
02068	03900	06122	08217	10306	12436	14311	16440	18212	20323	22252	24122	26125	28116	30062	32054	33953	35878	38082	39896
02074	03901	06189	08224	10314	12437	14343	16441	18216	20327	22292	24129	26135	28123	30073	32060	33975	35881	38088	39914
02086	03911	06199	08234	10325	12447	14361	16444	18289	20328	22303	24145	26136	28126	30081	32061	33978	35904	38093	39959
02129	03933	06214	08246	10329	12458	14377	16466	18293	20345	22308	24156	26165	28166	30107	32065	33989	35921	38144	
02130	03937	06237	08249	10336	12469	14387	16467	18303	20356	22318	24162	26168	28214	30139	32072	34008	35947	38148	
02152	03944	06247	08257	10358	12481	14410	16477	18314	20360	22325	24163	26179	28232	30179	32094	34034	35958	38155	
02156	03966	06248	08260	10369	12495	14420	16507	18325	20382	22329	24185	26198	28265	30201	32097	34041	35966	38165	

The above Debentures will be paid upon surrender of the Debentures, accompanied by all interest coupons appertaining thereto maturing after *June 15, 1986*, at *The Bank of Nova Scotia Trust Company of New York*, New York City, N.Y., U.S.A., or at the option of the holder, at the main office of the Bank of Nova Scotia, 33 Finsbury Square, London, England, EC2A 1BB, the Kredietbank S.A. Luxembourgeoise in Luxembourg and the Morgan Guaranty Trust Company of New York in Brussels, Belgium.

The interest coupons maturing on June 15, 1986 should be detached from the Debentures and cashed before presentation. If such Debentures are presented for payment without all interest coupons appertaining thereto which mature after June 15, 1986 the amount of the missing unmatured coupons will be deducted from the principal amount due for payment. All interest on the Debentures so redeemed shall cease to accrue from and after June 15, 1986.

The following Debentures previously redeemed on June 15, 1985 have not been presented for payment.

0006	24690	24695	24706	24712	24717	24783	24808	24810	24811	24819	24841
24843	24855	24876	34727	34730	34739	34750	34752	34829	34837	34848	34854
34870	34887	34892	34920	34942	34950	34961	35005	35019	35038	35357	35360
35365	35621	37544	37560	37568	37593	37598	37604	37620	37621	39403	39424
39435	39438	39441	39457	39463	39502	39526	39539	39548	39551	39561	39566
39570	39573	39581	39589	39600	39611	39622					

Dated this 7th day of May, 1986

J. C. LeBelle, *Treasurer*

UK NEWS

Raymond Snoddy on the world growth of electronic newsrooms

ITN carves out a high-tech niche

INDEPENDENT Television News, which provides television news for all of Britain's ITV companies, is increasingly providing electronic newsroom systems for the world's broadcasters.

Basys International, a wholly owned ITN subsidiary, seems to be cornering the market in computerised radio and television newsrooms.

More than 115 television and radio newsrooms, including two US networks, NBC and ABC, are already using Basys (Broadcast Automation Systems). Basys claims involvement in about 70 per cent of world-wide electronic newsroom installations so far.

Later this month the company will announce a contract to provide its system for one of the French national networks, and consultancy work is being carried out for ARD, the West German regional broadcasters.

About 175 affiliated NBC stations are also going to take a Basys terminal, so that they will be able to see in advance the scripts and the running order of items on the main networks' news bulletins.

Basys hopes this will lead to further orders for the system.

The Basys electronic newsroom gives instant access to all news agency services on screen and automatic warnings of major news stories. It reformats scripts and the running order of bulletins without retyping and even produces scripts automatically timed to each news reader's speed.


ITN's computerised newsroom in London

Mr David Simmons, general manager of Basys and a former director of Guinness Peat International, says the system is being extended to include such facilities as pronunciation guides and assignment scheduling.

Basys software is also moving into the studio to control equipment such as tape machines and graphics generators. Although the broadcast market round the world is large it is finite.

Mr Simmons is exploring ways of using its new handling expertise in City and financial institutions. He said: "We don't want to get into the dealing area because that is well taken care of. But we have considerable expertise on the news side."

Mr Simmons is looking for a joint venture with a financial institution to develop for the City the Basys system, which uses Digital Equipment Corporation computers.

Basys was set up in California in 1980 and its first big customers was Mr Ted Turner's Cable News Network (CNN). ITN chose the system for all three of its newsrooms and BBC Radio also bought electronic newsroom equipment from the company.

ITN bought the company two years ago when it was running at a loss and turnover was only $700,000. Last year turnover rose to $3m and this year $8m is forecast.

It has turned into ITN's largest business enterprise apart from its main news gathering task. "We now dominate the big system market. Basys is the big system market," Mr Simmons said.

Competitors have gone out of the business to the extent that Mr Simmons believes there is only one significant competitor left— Colographics of Wisconsin.

Sasys is now also going down market in terms of size to provide systems based on personal computers for small, local stations as well as large systems including the one which links the Wellington, Auckland and Christchurch newsrooms of the New Zealand Broadcasting Corporation.

CONTRACTS

Yorkshire by-pass

Companies within the Cementation civil and specialist engineering division of **TRAFALGAR HOUSE** have been awarded roadworks contracts with a value of £6.1m. The largest is the £5.1m A64 Seamer and Crossgates by-pass in Yorkshire, to be built by Dowsett Construction as part of the Leeds-York-Scarborough trunk road. The contract includes 4 km of single carriageway road with at-grade junctions and side roadworks, plus four rail bridges and an underpass.

A further two roadworks contracts have been awarded with a combined value of just over £1m The first is a two-year bridge and structure maintenance contract for South Glamorgan County Council and the second is the construction of a new rail underbridge near Preston for the Commission for New Towns. The work is expected to take just under seven months.

*

BRIGGS AMASCO has won contracts worth over £1m. The largest, at £450,000, is at a new Tesco distribution warehouse at Welham Green, Hatfield, Hertfordshire, and involves 25,000 sq metres of metal-deck roofing. This will be covered by a single-layer of PVC waterproofing membrane as part of the three-month contract. Two contracts have also been awarded for metal-deck roofing on new Asda superstores at Corby, Northamptonshire (£210,000) and Edgware, London (£170,000). In the west Midlands, the company has a £220,000 contract for metal-deck and Amascoflex roofing at the Manor Hospital, Walsall. Briggs Amasco is a member of the Tarmac Group's building and industrial products division.

*

ALFRED McALPINE ASPHALT has been awarded two contracts worth £3.53m. The first, worth £2.28m, comes from Gloucestershire County Council (as agent authority to the Department of Transport) and requires the reconstruction and resurfacing of the M5 motorway between junctions 8 and 10 near Tewkesbury. The second, worth around £1.25m, is for surfacing work on the A52 Barthomley Link to the M6 motorway. The 15-month contract starts in early June 1986.

*

WIMPEY CONSTRUCTION UK, a subsidiary of George Wimpey, has been awarded two contracts totalling nearly £4m.

The City of Salford has placed a contract, valued at £2.28m, for the conversion of 200 maisonettes into 100 low-rise houses in High Street (off Fitzwarren Street), and Edgehill Close, Salford. The work involves the demolition of the upper two storeys of 14 blocks of maisonettes; forming new pitched roofs to form low-rise dwellings. Work also includes demoltion of stair-wells; construction of new porches; refurbishment too dewllings; new gardens and replacement of Services.

A second contract has been awarded by Liver Housing Association, valued at £1.45m, for the construction of 51 sheltered housing flats and a 15-person unit for the frail/elderly in Daleacre Drive, Netherton, Merseyside. The flats wil be self-contained and the unit for the elderly will comprise 15 bedrooms, nine bathrooms, communal lounge, dining and kitchen facilities and staff ancillary rooms. Landscaping, an access road and drainage are included in the contract which is due for completion in June

FT LAW REPORTS

Crown court can hear appeals against rating discretion

INVESTORS IN INDUSTRY COMMERCIAL PROPERTIES LTD v NORWICH CITY COUNCIL.

House of Lords (Lord Keith of Kinkel, Lord Brandon of Oakbrook. Lord Tempteman, Lord Griffiths and Lord Oliver of Aylmerton): May 1 1986.

A RATEPAYER has a right to appeal to the Crown Court from a local authority's decision to exercise or not to exercise its discretion to reduce or remit rates on the grounds of hardship.

The House of Lords so held when dismissing an appeal by the Norwich City Council from a Court of Appeal judgment upholding Mr Justice Hodgson's decision that the Crown Court had jurisdiction to hear an appeal by Investors in Industry Commercial Properties Ltd from the council's refusal to remit or reduce the rates on an unoccupied office block.

Paragraph 3A og Schedule 1 to the General Rate Act 1967 provides: ". . . a rating authority shall have power to reduce or remit the payment of any rates . . . if they consider that the payment would cause undue hardship . . ."

Section 7 (before amendment by the Courts Act 1971): (1) . . . any person who . . . (c) is aggrieved by any neglect. act or thing done or omitted by the rating authority, may appeal . . to the . . . court of quarter sessions . . ."

Section 8 of the 1871 Act transferred to the Crown Court all the appellate jurisdiclion of the quarter sessions.

Section 9 of the 1971 Act (now replaced by sectioo 48 of the Supreme Court Act 1981) provided: "(2) . . . the Crown Court (a) may confirm, reverse or vary the decision appeated against, or (b) may remit the matter with their opioion to the authority . . . or (c) may make such other order . . . as the court thinks fit . . ."

LORD OLIVER said that Investors were owners of Kiln House in Norwich. The premises consisted of an office block which, since its completion in 1976, had been either wholly or partly unoccupied.

Investors became liable for substantial rates on the unoccupied property. On Juoe 23 1981 it applied to the council to remit or reduce the rates under its powers under paragraph 3A of Schedule 1 to the General Rate Act 1967. The total amount involved was some £274,000.

The appeal came before Judge Moylan QC, who was called on to determine, as a preliminary point, an objection by the council that he had no jurisdiction to entertain the appeal. He upheld the objection.

The matter which particularly influenced his conclusion was that despite the very wide terms of section 7(1)(c) of the 1967 Act, the only express powers conferred on the Crown Court by subsections (4) and (5) of the section were powers to amend or quash the rate.

The judge was not referred to section 9 of the Courts Act 1971 which, as Mr Justice Hodgson pointed out when the appeal came before him, furnished a complete answer to any contention based on lack of power to grant appropriate relief.

Mr Justice Hodgson allowed the appeal and remitted the case to the Crown Court. From that decision the council unsuccessfully appealed to the Court of Appeal.

On the face of it the words of section 7(1)(c) were in the widest terms aod permitted an appeal to the Crown Court in respect of any matter at all which the rating authority had done or omitted to do.

The question was whether in the context of the Act as a whole or from other indicia, including the history of the legislation consolidated by the Act of 1967, a limitation must by necessary implicatioo be put upon the width of the words so as to exclude an appeal against the exercise or non-exercise by the rating authority of its discretionary powers.

The council's argument fell under five heads.

First, it was pointed out that the Act of 1967 was a consolidating statute, which was not intended to create fresh rights of appeal not in existence under prior legislation.

That proposition was beyond doubt and was common ground.

Secondly, it was said that if the earlier legislation was examined, it would be found that prior to 1967 the right of appeal was restricted to appeals *against the imposition* of a rate and liability to pay.

Investors said the plain and unlimited words of section 7(1)(c) were entirely consistent with what, on the true construction of the earlier Acts, was a virtually unlimited right of appeal to the justices in rating matters.

Thal contention was correct. The legislative history indicated throughout an intention to confer on the inhabitants of the area the widest rights of appeal in rating matters.

Liability for rates was first imposed by an Act of 1601 entitled "An Act for the Relief of the Poor" which authorised and obliged churchwardens to raise money for the relief of the parish and conferred power on the justices, if parish funds proved insufficient, to raise sums from other parishes. Section 6 provided that "if any . . . persons shall find themselves grieved with any sess or tax . . . then it shall be lawful for the justices of peace at their general quarter sessions . . . to take such order therein as to them shall be thought convenient."

On the face of it the right to complain to the justices or quarter sessions appeared to be eotirely unlimited.

The Poor Relief Act 1743 provided an even more extensive right of appeal to persons aggrieved, covering not only rates or assessments, but also the inclusion or exclusion of persons and other matters.

The procedure on appeals was regulated by an Act of 1801 (41 Geo 3, c 23), but the right of appeal was contemplated as covering not merely appeals against legality of the rate or liability to pay it, but also against the inclusion or exclusion of persons in or from the rate and appeals in respect of, for iostance, the failure of the churchwardens or overseas property to account for the money received. Power was given to the justices to order the names of persons to be struck out of the rate or assessment, to lower the sums assesaed and to order repayment.

Up to that point there was oo discretion in the church wardens or the justices to remit or forego payment on the ground of poverty. Such a power was conferred on the justices by the Poor Relief Act 1814.

Power to reduce or remit on account of poverty was first conferred on the rating authority as opposed to the justices, by the Public Heatth Act 1875 which restricted it to urban authorities. It was extended to rating authorities generally by the Rating and Valuation Act 1925 which transferred the powers and duties of overseers to local authorities. That Act introduced a single general rate in substitution for the old poor rate and other rates, and provided that all enactments relating to appeals against a poor rate should apply to the general rate.

It was against that background that the consolidating Act of 1967 and, in particular, *section 7, fell to be considered.* Far from pointing to a legislative intention to restrict appeals to liability, the express inclusion of the very wide right of appeal in respect of "eny neglect, act or thing done or omitted by the rating authority" indicated an intention to preserve the widest ambit for grievances capable of beiog the subject matter of an appeal to quarter sessions.

Thirdly, it was said it could nol bave been the intention of the legislature, in substituting the Crown Court for quarter sessions as the appellate tribunal, to enlarge the ambit of possible appeal beyond that already existing.

The argument proceeded on the premise that prior to 1971 the right to appeal was limited.

The statutory power originally conferred on quarler sessions by the Act of 1601 was to "take such order therein as to them shall be thought convenient." There was nothing in the 1743 Act to suggest that that general power bad been curtailed. The predecessor in the 1801 Act to section 7(4) of the 1967 Act was introduced specifically by the words "upon all appeals from rates and assessments." Section 7(4) certainly did not say in terms that it was an exhaustive excgesis of the powers of the court.

As Sir John Donaldson said in the Court of Appeal *[1986] QB* 17,32, "If section 7(4) did comprehensively define the powers of the court, it would render the right of appeal apparently conferred by section 7(1)(c) an illusion. This cannot have been the Parliamentary intention."

Fourthly, it was argued that there were in the Act certain express rights of appeal either to the Crown Court or to other tribunals which were otiose or inconsistent unless some limitation was put on the plain and apparently unlimited words of section 7(1)(c).

For instance, specific provision was made for appeals against objections to the valuation list: end against service of a notice that a newly erected building had heen completed.

There was nothing particularly surprising in finding those provisions for a specific appeals procedure. There was nothing to persuade one that the very wide words of 7(1)(c) must be restricted in the way suggested.

Finally it was said that the Crown Court was an inappropriate court for hearing appeals on matters essentially of administrative discretion.

It was said that the rating authority was the only body seized of the necessary knowledge to make informed decisions.

Thal no doubt was true. Nevertheless, from the earliest times the legislation had conferred on ratepayers the very widest right of appeal which Parliament in enacting the consolidating legislation, had not thought fit to confine or restrict. *The imposition of further restriction* was a matter for Parliament. It could not properly be introduced for the first time in centuries by the process of placing, artificially, a limited construction on the very wide words which the legislature had chosen deliberately to employ.

There was no context from which such a limiting construction could properly be inferred. The appeal was dismissed.

Their Lordships agreed.

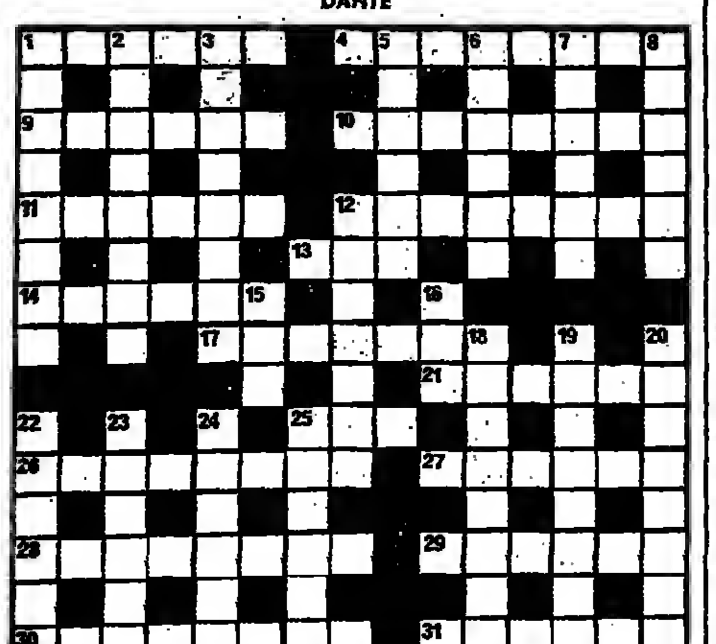
For the council: Roymond Sears, QC, ond Mark Lowe (Sharpe Pritchard ond Co for Colin S. Brown, Norwich).

For Investors: William Glover, QC, ond Matthew Horton (Hunt & Hunt, Romford).

By Rachel Davies
Barrister

FT CROSSWORD PUZZLE No 6,015

DANTE



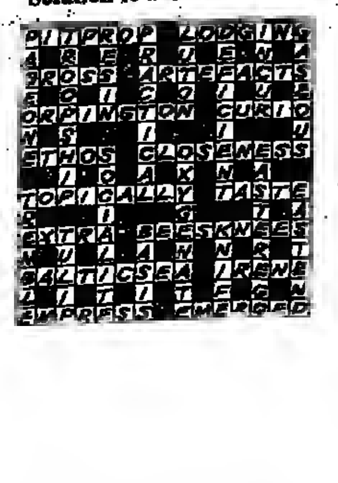
ACROSS

1 Gets beaten, the result of smoking in bed (6)
4 One of the French not in time to take part in a Hippy movement (8)
9 Publicity wrong for counsel (6)
10 Company, salute! This is one way to do it (8)
11 He savagely attacked Roman civilisation (6)
12 Supporter likely to maintain contact (8)
13 One may take a rest with this shooting stick (3)
14 Join me in the money (6)
17 Proposition from me to her (7)
21 Strip of Dundee origin (6)
25 Prosecute for wrong use (3)
26 How to win a ballet competition? (2, 6)
27 Keep a pupil in class (6)
28 Pressing need for home club (4-4)
29 It cuts things rather fine (6)
30 New circle road led to the city of gold (2, 6)
31 Pursued, we bear, but remained virtuous (6)

DOWN

1 Unseemly uproar made by clan at gathering (8)
2 Make minute economies? (4, 4)
3 Clue ten's wrong—means eatable (8)
5 Inventor comes up, showing the Rugby match has ended (2, 4)
6 Mint that's still wrapped? (6)
7 Lowered like a sailor given the wrong date? (6)
8 About a hundred new steel picks (6)
12 Traosport moving about America (7)
15 Article used for tea by the French (3)
16 In trouble do be guided by someone else (3)
18 Stone Lea might replace (8)
19 Only light refreshments in court (8)
20 Listens to a note again for practice? (8)
22 Start talking of payment for suckers (6)
23 Directed higher—to where you'll find the walking patients? (6)
24 Old court official—namely one standing before the queen (6)
25 Good man with dour disposition in Gloucestershire (6)

Solution to Puzzle No. 6,014



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Mngmnt Ltd
30 City Road London EC1Y 2AY 01-628 6626

American Wrldr	68 3	73 1	-0.3	1 12
Amer Tech & Gen Fd	102 4	104 6	-0 5	0.55
European Growth	30 3	32 4		0 03
European Income	34 6	37 0		5 00
Exempt	538 F	576 4		2 93
Intnl Growth Fd	28 9	30 9	+0 2	0 13
International Income	56 6	60 6	+0.1	4 96
Jap Tech & Genl	88.8	95 0	+0 8	0 01
Pacific Fund	156 9	167 9	+0 8	0 01
Secure Income Fd	175 9	180 2	+0 3	4 54
Small Co's Fd	38 3	41 0	+0 1	1.45
Special Sits	216 1	231 9	+1 7	2 18
UK General Fund	31 8	36 2	+0.2	2 32

Standard Life Trust Mgmt. Ltd
3 George St. Edinburgh EH2 2XZ 031 225 2552

Managed Trust Acc	23 3	25 0		3 0
UF Equity Gth Tst Acc	23 3	25 0		2 0
U4 Eq High Inc Tst Inc	23 3	25 0		5 0
UK Eq Gen Tst Acc	28 2	30 2		2.87
UK Equity Gen Tst Inc	25 5	27 3		2.87
Gilt & Fxd Int Tst Inc	23 3	25 0		2 9
Nrth Amer Tst Acc	23 3	25 0		0 75
Far East Trust Acc	23 3	25 0		0 75
European Trust Acc	23 3	25 0		1.25

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	217 9	232 0	+0 6	2.13
(Accum Units)	244.T	260 5	+0 6	2.13
(Withdrawal Units)	152 9	162 8	+0 3	2 13
Australian Fund	120 1	127 9	+9 3	1 03
(Accum Units)	123 7	131 7	+0 4	1 03
British Fund	593 6	632 2	-1 5	4.29
(Accum Units)	799 6	851 6	-2 0	4.29
European Fund	269 0	286 5	-1 3	0 90
(Accum Units)	283.2	301 7	-1 4	0 90
Japan Fund	274 4	292 3	+1 3	0.26
(Accum Units)	275.8	293 8	+1 3	0.26
Saints PPP	165 1	173 8		—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst	393 1	418 1	-1 0	2 19
North America	56 1	59 6	+1.1	1 23
Far East	70 1	74.5	+0 8	0 08

Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc	32.0	34 1	+0 1	1 4
American Income Acc	30.8	32 7	-9 1	5 5
American Income Inc	30.3	32 3		5 5
European Growth Acc	48 6	51 7	-0.5	0 0
European Income Acc	23 5	25 0	-0 5	4 5
European Income Inc	23.5	25 0	-0 5	4 5
Far East Growth Acc	39.2	41 7		0.6
Int. Growth Acc	33 5	35 6	+0 3	2 0
Japan Growth Acc	48 1	51 2	+0 6	0 1
UK Growth Acc	37 3	39 7		2 7
UK Income Acc	31 7	35 3	+0 1	5 3

Abbey Life—Continued
Pension Funds

Property	350.3	368.8	+0 5	—
Equity	781 7	822 9	+1 6	—
Selective	251 1	264 4	+0 8	—
Managed	616.1	648 6	+1 0	—
Security	327 7	345 0	+0 6	—
Fixed Int.	206.6	217 5	+1.1	—
European	174 5	183.7	-0 9	—
American	217 4	228.9	+0.5	—
Japan	218 7	230 3	+1.9	—

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulator Units)

Squirrel	10 43	10 98		—
Bear	11 33	11 93	+0 04	—
Owl	11.85	12 48	-0 03	—
Bull	12 60	13 27	-0 02	—
Stag	12 25	12 90	+0 03	—
Gilt-Edged	11 19		+0 02	—
Deposit	9 60			—

Pension Funds (Accumulator Units)

Squirrel	11.01	11 59		—
Bear	12 18	12 83	+0 05	—
Owl	12 89	13 57	-0 02	—
Bull	13 99	14 73	-0 01	—
Stag	13.56	14 28	+0 02	—
Gilt-Edged	11 22		+0 02	—
Deposit	5.67			—

Exempt Approved

Mixed Managed	131.82	134.52	+0 81	—

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

Equity Fd Acc (z)	719 9	757 8	+8 4	—
European Fd Accum (z)	194 0	204 1	+0 5	—
Fixed Int Acc (z)	306 1	322.2	-1 3	—
Gtd Money Fd. Acc (z)	196.1	206 4	+0 1	—
Intl Man Fd. Acm (z)	291 1	306 4	+1 3	—
Intl Fxd Int Fd Acc (z)	175.5	184 7	-0 1	—
Japan Fund (z)	217 6	229 1	+2 2	—
Nth American Fd Acc (z)	161 2	169 6	+0 7	—
Prop Fd Acc. (z)	198.6	209 0		—
Multiple Inv Acc (z)	501 5	527 8	+3 6	—

Pension Funds

Eq Pen Fd Acc (z)	1307 4	1376 1	+21 6	—
Euro Fd Acc (z)	248 7	261 8	-0 6	—
Fixed Int Acc. (z)	574 7	604 9	-3 5	—
Gt Money Pn Acc (z)	316 3	332 9	+0 1	—
Intl Man Fd (z)	406.2	427 5	+2 7	—
Jap Pen Fd Acc (z)	285 3	300.3	+3 9	—
N Am Pn Fd Acc (z)	185.9	195 7	+1 1	—
Property (z)	290 1	305 4	+0 1	—
Mltple Inv Pens Acc (z)	937 F	980 6	+9 5	—

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1E1 0793 28291

Fixed Int. Dep. Acc.	216 6	228 1		—

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	10.25	7.69	11.37	Mth
Over £10,000	10.50	7.85	11.40	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 24141

High Int Chq Acc.	10.688	7.99	11.59	Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Eqiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. * Guernsey gross. u Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	28
BAT	38
BOC Grp	32
BSR	14
BTR	45
Babcock	20
Barclays	45
Beecham	32
Blue Circle	55
Boots	26
Bowaters	38
Brit Aerospace	48
Brit. Telecom	17
Brown (J.)	3
Burton Ord	32
Cadburys	17
Charter Cons.	22
Comm Union	28
Courtaulds	26
Distillers	52
FNFC	15
Gen Accident	75
Gen Electric	17
Glaxo	100
Grand Met	34
GUS 'A'	75
Guardian	75
GKN	32
Hanson Tst.	16
Hawker Sidd	52
ICI	50
'Imps'	28
Jaguar	27
Ladbroke	32
Legal & Gen	79
Lex Service	38
Lloyds Bank	55
Lucas Inds	60
Marks & Spencer	18
Midland Bk	44
NEI	11
Nat West Bk	70
P & O Dfd	45
Plessey	20
Polly Peck	16
Racal Elect	17
RHM	20
Rank Org Ord	48
Reed Intnl	75
Sears	12
TI	42
Tesco	30
Thorn EMI	35
Trust Houses	12
Turner Newall	18
Unilever	120
Vickers	40
Wellcome	19
Property	
Brit Land	16
Land Secs.	30
MEPC	32
Peachey	24
Samuel Props	18
Oils	
Brit Oil & Min.	2½
Brit Petroleum	48
Burmah Oil	30
Charterhall	3
Premier	3½
Shell	55
Tricentrol	15
Ultramar	38
Mines	
Cons Gold	40
Lonrho	25
Rio T Zinc	58

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Brazil perseveres with sugar fuel scheme

BY RICHARD FOSTER

THE BRAZILIAN government is refusing to make any big adjustments in its alcohol fuel programme in spite of the persistence of low international crude prices. Brazil's alcohol programme, started in the mid-1970s and which since has had $8bn worth of investments, is the largest of its kind in the world.

Although government officials are fully aware that the current oil prices make alcohol-based fuel expensive, they are convinced the picture will change. By the end of the decade they see crude prices levelling off around $25 per barrel or more. They therefore are arguing that it would be a mistake to mothball distilleries or burn canefields because of a temporary unreliable drop in the price of oil.

There may be modifications in the programme, which resulted in unexportable excess production last year, but its general aims—saving foreign exchange, giving cane growers a more lucrative product than sugar, increasing rural employment, and offering the country future independence from oil—are considered "irreversible," according to Mr Aureliano Chaves, the Mines and Energy Minister.

Alcohol producers acknowledge that a barrel of gasoline produced in Brazil from imported oil now costs less—at about $25—than a barrel of alcohol (about $40). But they say alcohol is still competitive with gasoline taken from deep sea deposits off the Rio de Janeiro coast. Among other advantages alcohol may be acquired without using up foreign exchanges (defenders of the programme claim it has saved Brazil $10bn in the last decade); it has created 800,000 jobs; and it has fostered the growth companies like Zanini, which exports alcohol distillery equipment to other sugar producing countries.

Brazil's so-called "Proalcool" programme raised alcohol production from 149m gallons in 1975 to more than 3bn gallons last year. About 2.3m cars, a third of the country's fleet, run on ethanol extracted from sugar cane juice in the country's 386 distilleries, 95 per cent of the automobiles being produced in Brazil are equipped with alcohol burning engines. Consumer preference for the alcohol car was established with government subsidies to keep alcohol at 65 per cent of the cost of petrol, lower excise and annual registration taxes for alcohol cars, and industry investments of $100m to make alcohol engines run more smoothly.

There are significant disadvantages, too. Engine parts corrode easily when using alcohol fuel; engines require frequent tune ups, and are slow to start on cold mornings. But Brazilian made engines, with corrosion resistant parts and special carburettors make alcohol perform nearly as well as petrol.

Under pressure to make some adjustment in Proalcool, an inter-ministerial commission in Brasilia recently suggested removing tax incentives for alcohol cars and raising the price of alcohol fuel. In their defence, alcohol producers say Petrobras, the national oil monopoly, should lower the price of diesel fuel not alcohol, of which it is the exclusive buyer. In a country with few railways and enormous distances, they say diesel fuel weighs heavily in the consumer price index and a price reduction would help to reduce inflation.

Alcohol producers also argue for an import tax to be placed on oil, diverting some of Petrobras's expected $1.3bn windfall profits this year to the Treasury, which faces a deficit.

Saudi's offer contract oil discount

By Richard Johns

SAUDI ARABIA has bowed to pressure from oil customers in the face of slipping oil exports by offering contract customers discounts of at least 50 cents per barrel—depending on volumes lifted—below existing rates for the month of May.

The decision has been taken to maintain output at close to the 4.35m barrels a day agreed by the Organisation of Petroleum Exporting Countries as its maximum quota under the production sharing pact of 1984.

Customers have complained that they could obtain better deals from other suppliers than those under Saudi Arabia "net-back" terms whereby prices have been set on the basis of market realisations less costs of transportation and refining costs together with a guaranteed profit margin.

Traders yesterday agreed that the Saudi move could only have a bearish affect on spot prices.

Leading purchasers of Saudi crude yesterday confirmed the offer, reported in the latest edition of the Middle East Economic Survey. It appeared to have been stimulated by the meeting just over a fortnight ago between Sheikh Ahmed Zaki Yamani, the Saudi Minister of Oil, and the four US partners in the Arabian American Oil Company — Exxon, Chevron, Mobil and Texaco—at the end of the last Opec conference in Geneva.

They account for over 800,000 b/d of the "net-back" deals concluded by Saudi Arabia totalling about 3m b/d. It is believed that the discount for customers lifting the maximum specified in their contracts amounts to over $1 per barrel.

LONDON METAL EXCHANGE WAREHOUSE STOCKS

(Changes during week ending last Friday)

	(tonnes)
Aluminium	−1,350 to 148,825
Copper	−275 to 132,600
Lead	−2,825 to 62,475
Nickel	−246 to 5,886
Tin	−1,240 to 59,755
Zinc	−250 to 47,775
	(ounces)
Silver	+270,000 to 39,068,000

EEC casts net wide to catch E Europe food sales

BY PAUL CHEESERIGHT IN BRUSSELS

BULGARIA, Hungary, Poland, Romania, Czechoslovakia and the Soviet Union fall into the net of the import ban on selected fresh food products from within proposed by the Commission yesterday and likely to be enacted today.

The ban is presented by the Commission as a holding operation, designed to last until it is known precisely what the effects of the Chernobyl nuclear plant disaster are and until they have been evaluated by experts from the Twelve.

The difficulty up to now has been the paucity of information from eastern Europe. Only Hungary has responded to a Commission request for information on radioactivity levels.

The opposite is the case with the nations of the European Free Trade Association, from which countries like Switzerland, Sweden and Norway are prepared to accept Community norms. The same is true for Yugoslavia.

Commission officials concede that the setting of a 1,000 km radius around Chernobyl has not been done on any scientific basis. It has been set simply to catch the Eastern European exporters—no information, no sales.

In principle, trade ministers yesterday appeared to accept the approach, although Mr Michael Howard, the UK's Parliamentary Secretary for Consumer Affairs, said there was no case for rushing into a blanket ban.

The food product imports affected by the ban are significant but not overwhelming in their importance, as the accompanying table shows.

The country from the eastern bloc exempted from the ban is East Germany, whose products are effectively allowed free circulation in the Federal Republic.

But farm produce imports to the Community are only one aspect of the problem the Commission has been seeking to address. The other is how to stop internal trade clogging up as different governments adopt different restrictions.

What the Commission is seeking is a situation where governments will not exclude products from another Community country with demands that are stricter than those being applied for domestic consumption.

The way to do this, it thinks, is to set becquerel levels per kilogram—the amount of radioactive traces in a product — which would be applied for all Community trade. These levels would also be applicable for suppliers like Sweden, Austria, Switzerland, Yugoslavia, Norway and East Germany — with whom co-operation has apparently reached a high level.

As the effect of the Chernobyl disaster diminishes, the becquerel levels would be tightened. But so far there have been no reports of traces at a higher level than those envisaged as acceptable for the next 10 days.

THE PROPOSED BAN

Product	Annual imports*	Biggest suppliers	Biggest buyer
Milk products	54.7m	Bulgaria, Hungary, Soviet Union	Germany
Meat	214.2m	Hungary, Czechoslovakia, Poland	Italy, Germany, France
Vegetables	122.2m	Poland, Hungary, Rumania	Germany, Netherlands, Italy
Live animals	276.7m	Poland, Hungary, Czechoslovakia	Italy, France, Germany

* 1985 for Europe of Ten (ecus). Source: European Commission

More wheat and dairy sales likely

BY NANCY DUNNE IN WASHINGTON

AS THE commodity markets continued to speculate about the effects of the Chernobyl disaster on agriculture prices, US analysts were predicting increased sales of EEC wheat and dairy products.

Mr John Urbanchuk, international agriculture director for Wharton Econometric Forecasting Associates, a member of a panel of experts testifying on Monday before a subcommittee of the Congressional Joint Economic Committee, predicted that the accident will not cause "a major problem for future crops." The loss of the full Ukrainian grain crop would reduce total Soviet production by a maximum of about 20 per cent, he said, but since the entire area was not affected, he put the potential maximum loss at about 10 per cent or 19m to 20m tonnes.

"The outcome would be about the size of the 1984 Soviet crop and would be the third smallest in 12 years," he said.

The severity of the contamination will determine whether livestock herds will have to be liquidated, Mr Urbanchuk said.

A severe contamination of milk production would probably force the USSR to import dairy products, along with meal, and the most likely beneficiaries would be the EEC and possibly Poland and Hungary.

US farmers could benefit, he said, because the Soviets traditionally import increased amounts of vegetable oils, like soyabean oil, to augment a shortfall in animal fat and butter production. Since the Ukraine accounts for about 13 per cent of the Soviet maize and barley area, the US could increase its coarse grain exports by an additional 5m tonnes next year and 2m during each of the next three years.

Brussels passes the buck

THE OUTCOME of the recent EEC debate on farm prices demonstrates once again that neither the Commission nor the Council of Ministers, which took the decisions, has the least conception of what is going on in the World markets for cereals and other commodities in surplus. Nor have they much understanding of how to implement the decisions they have made.

The message from Luxembourg and Brussels these days is that the problem has little to do with overproduction, but is all the fault of the weakness of the US dollar in which most grain is traded. This is what forces up the cost to the CAP of the subsidised exports with which the EEC hopes to get rid of its surpluses. An appreciation of the dollar would automatically cut this cost factor.

Nowhere have I seen any realisation that worldwide cereal output is far outrunning consumption, that the US government has no option but to allow it to be exported at whatever price it can get.

In all this, in fact, the US could be pictured as a responsible world food producer. Its present farm policies include acreage reductions of cereals and numbers of dairy cows before farmers can receive government support. It is true that the EEC dairy policy has to some extent begun to tackle the dairy surplus by introducing production quotas, but on the present rate of progress we shall be well into the 1990s before Community dairy production is in balance with demand.

Nowhere in the reports of the Council can be found an appreciation that the food trade world wide is in decline, and that yield increases in developed and developing countries will kill this trade before the century is out. I am talking of the trade in what could be called the basic raw materials of food, cereals, edible oils, sugar and manufacturing meat.

This of course is not just a Community problem. It affects every traditional food exporting and importing country. Very few of those responsible for farming have as yet admitted to this. It is all too easy to blame the aggressive subsidised exporting of the EEC or the US for all the difficulties. Indeed, there are similarities with the collapse in oil prices. The OPEC cartel was effectively broken, not by concerted action by the oil importers but because OPEC members in the end cheated and over produced.

It is probable, I think, that the combined decline of food and oil prices will trigger off such a collapse in global liquidity as to spark off a depression of 1930's proportions.

The effect of the EEC package on farmers here has been to relieve them of their worst fears of actions which could severely interfere with their cropping plans and to make them wonder how it will really work. The reduction in cereal prices will amount to between 5 per cent and 12 per cent. Starting the new cereal year on July 1, a month early, looks to be a certain recipe, according to the trade, for marketing chaos.

Then no one yet knows exactly how the new quality standards for cereals are going to work, or how the co-responsibility levy of 3 per cent is going to be collected. The compounders and other users are incensed that no co-responsibility is going to be levied on farmers processing their own grain and that it will be impossible to prevent farmers trading with their neighbours. Pessimists among compounders prophesy the end of their industry.

Cereal prices are supported by intervention sales but apart from the new quality standards there are delays of up to five months before payments are made. This will provide a bonanza for the money lenders but will very much weaken the post-harvest market, as farmers seek cash at any price.

The object of the exercise is to reduce production but in this the package, in my view, fails completely. A 10 per cent cut in prices will be a stimulus to farm better. Already there are hybrid wheats on test which for no greater outlay on inputs will increase production by up to 15 per cent. There is scope for cost cutting through rent reductions and shedding labour and rearranging farm practices. Would it not be cheaper, for instance, to substitute casuals and contractors for regular labour which has to be housed and kept through the dead months?

Then again the collapse in oil prices is bound to lead to cheaper fuel and fertiliser costs. This will suit the farmer's instinctive reaction to falling prices, which is to increase output to reduce unit costs. Nitrogen is already being imported from Eastern Europe substantially below UK list prices. Farmers may not like Communism, but they don't let their politics interfere with their profits, and in any case the Communist countries are the main outlets for farm surpluses.

But there are one or two slivers of sense now emerging. The 3 per cent milk quota cut, to be spread over three years, makes provision for national governments to assist financially those being bought out. This, I am sure, is a move in the right direction. It has been all too easy for Ministers to avoid individual responsibility by blaming the irresponsibility of the Council and Commission.

And again, while I was writing this I heard Mr John Gummer, the junior Agriculture Minister, underlining the problems of world food surpluses and advocating set asides and alternative land use. Both propositions could only be implemented by national Governments. But just as one swallow does not make a summer, it will take a lot more than one junior minister's common sense to change the CAP into more sensible ways.

LONDON MARKETS

ROBUSTA COFFEE futures dropped sharply yesterday afternoon on the London Commodity Exchange. The flurry of selling, which took the July position down £166.00 from Friday to a 20-week low of £2,157.50 a tonne, was prompted by a sudden downward move in the New York coffee market. But dealers said there was no fresh news affecting supply and demand. The sell-off was more likely a result of testing of the level of market support by commission houses. Cocoa futures also retreated to new three-year lows under pressure from New York-based chart, trade and stop-loss selling, with July falling £49.00 to £1,280.50 a tonne.

Fundamentals and charts remain bearish. Sugar futures fell, but closed above the day's lows, with concern over the Soviet nuclear accident at Chernobyl providing underlying support. On the London Metal Exchange, cash nickel ended £30 down at £2,625 a tonne, following early firmness resulting from news of a fire at Inco's Ontario smelter and a strike at Western Mining's Kambalda mine.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	768-766	+2.5	—
3 months	766-756.5	−0.75	759/764

Official closing (am): Cash 771-1.5 (765-6), three months 758-8.5 (755-6). settlement 771.5 (766). Final Kerb close: 754.5-5.5. Turnover: 12,600 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	942-3	−6	—
3 months*	941-1.5	−0.25	958/939.5

* Grade "A"

Official closing (am): Cash 947-8 (946.5-7), three months 948-8.5 (946-8), settlement 948 (947). Final Kerb close: 939-40.

Cathodes			
Cash	924-8	−11	—
3 months*	930-4	−6	—

Official closing (am): Cash 942-4 (938-40), three months 942-4 (937-40). settlement 944 (940). Turnover: 38,350 tonnes. U.S. Producer prices: 65.5-71 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	241-1.5	−1	—
3 months	247.75-8	−0.88	248.5/247

Official closing (am): Cash 241.25-1.5 (240-0.5), three months 247.5-8 (247-7.5), settlement 241.5 (240.5). Final Kerb close: 247.5-8. Turnover: 11,000 tonnes. US Spot: 19-20 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2620-30	−30	2620/2620
3 months	2675-76	−32	2720/2675

Official closing (am): Cash 2,610-20 (2,655-60), three months 2,675-80 (2,717-8), settlement 2,620 (2,660). Final Kerb close: 2,675-78. Turnover: 1,308 tonnes.

TIN

KUALA LUMPUR TIN MARKET: Close: 14.40 (14.55) ringgit per kg. Up 0.9 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	461-2	+8	457/457
3 months	470-1	+4	471/465

Official closing (am): Cash 456.5-7 (458.5-9), three months 465-5.25 (467-7.5), settlement 457 (459). Final Kerb close: 467-8. Turnover: 12,600 tonnes. US Prime Western: 33-35.75 cents per pound.

GOLD

Gold fell $2½ an ounce from Friday's close in the London bullion market yesterday to finish at $340½-341. The metal opened at $341¾-342¼ and traded between a high of $342-342½ and a low of $338½-339. Trading was rather quiet with the dollar's firmer trend tending to undermine sentiment.

GOLD BULLION (fine ounce) May 6

Close	$340½-341	(£222-222½)
Opening	$341¾-342¼	(£221¾-222¼)
M'n'g fix	$341.05	(£222.665)
Aft'n'n fix	$340.40	(£221.756)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$337½-342½	(£220-223¼)
½ Krug.	$179¼-180½	(£116¾-117½)
¼ Krug.	$91¼-96¼	(£59½-60)
1/10 Krug.	$36¾-37¼	(£24-24½)
Mapleleaf	$349¼-356¾	(£227¾-229¾)
Angel	$350-352	(£228-230¼)
1/10 Angel	$35¾-40¼	(£23-24)
New Sov.	$79¾-82¼	(£52-56)
Old Sov.	$81¼-90¼	(£71¼-58¼)
$20 Eagle	$430-470	(£280-306¼)
Noble Plat	$422-420¾	(£270¼-279¾)

SILVER

Silver was fixed 0.55p an ounce higher for spot delivery in the London bullion market yesterday at 336.40p. US cent equivalents of the fixing levels were: spot 514.5c, up 2.35c; three-month 522.75c, up 2.7c; six-month 530.85c, up 2.45c; and 12-month 547.95c, up 3.1c. The metal opened at 333¾-335¼p (514-516c) and closed at 335-336½p (514-516c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	336.40p	+0.55	334.5p	+6.0
3 months	344.60p	+0.75	342.5p	−2.15
6 months	[illegible]			
12 months	[illegible]			

RUBBER

PHYSICALS — The London Market opened unchanged. Very little physical activity. Closing uncertain, reports Lewis and Peat. Closing prices (buyers): spot 54.00p (54.50p); June 52.00p (52.50p). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No 1 was 196.0 (197.0) and SMR 20 177.0 (same).

FUTURES—Index 528. June 524-526. July-Sept 521-522. Oct-Dec 520-522. Jan-March 530-533. April-June 544-546. July-Sept 548-550. Sales: 20.

JUTE

JUTE — April/May 1986 c and f Dundee: BTC $435, BWC $440, BTD $375, BWD $375; c and f Antwerp: BTC $415, BWC $420, BWD $365, BTD $365.

INDICES

REUTERS

May 2	May 1	M'th ago	Year ago
1789.4	1795.1	1831.4	1884.9

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	May 2	May 1	Month ago	Year ago
Spot	129.10	127.50	—	116.87
Fut.	124.24	124.65	—	120.41

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	May 6 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1515/535	+20	$1295/515
Copper			
Cash h Grade	£942.5	−3.0	£967.5
3 mths	£941.25	−5.25	£969.5
Gold Troy oz	$340.75	−2.50	$338.25
Lead Cash	£241.25	−1.50	£283.75
3 mths	£247.87	−0.88	£260.75
Nickel			
Free Mkt	182/202c	−1	182/202c
Palladium oz	$109.25	−0.50	$109.15
Platinum oz	$410.00	−0.75	$481.82
Quicksilver†	$220/230		$250/255
Silver troy oz	336.40p	+0.55	361.65p
3 months	344.60p	+0.75	371.20p
Tin			
free mkt	£3650/700		‡
Tungsten	$62.07		$64.98
Wolfram 22.04lb	$45/55		$49/56
Zinc	£461.5	+8	£448
3 months	£470.5	+4	£459.5
producers	$780/750		$650/700
OILS			
Coconut (Phil)	$640x	−22	$290
Palm Malayan	$245z	−5	$280
Copra Phil	‡		$190
Soyabean (U.S.)	$151x		$156.5
GRAINS			
Barley Fut. Sept.	£98.45	+0.55	£98.2
Maize	£144.00		‡
Wheat Fut July	£117.60	+0.75	£120.00
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1310.5		£1394.2
Coffee Ft. July	£2157.5	−106	£2317.5
Cotton A Ind.*	46.45c	−0.05	49.15c
Gas Oil June	$137.86	−3.00	$142
Rubber (kilo)	54.00p	−0.50	55.5p
Sugar (raw)	$207.00	−0.50	$222.5
Wooltops 64s	419p kilo		420p kilo

‡ Unquoted. † Per 76-lb flask. c Cents per pound. v May. y April-May. w June. x May-June. z July. * Cotton outlook.

MEAT

Month	PIGMEAT Y'days close	+ or —	BEEF Y'days close	+ or —
May	—	—	—	—
June	101.00	−1.5	189.60	+0.50
July	101.50	+0.10	183.0	−1.50
Aug.	101.00	—	182.50	+1.00
Sep.	106.20	−0.40	181.00	+1.50

Pigmeat sales: 4 (32) lots of 50 carcases, 3,250 kg.
Beef sales: Nil (25) lots of 20 sides.

COCOA

In moderate volume futures today eased more than £50 to make new life contract lows and ended the day on a weak note. No physical interest was apparent in the market with both consumers and producers totally absent at current levels, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1278-1280	−45	1310-1280
July	1280-1281	−1	1315-1278
Sept.	1306-1307	−46.5	1367-1303
Dec.	1342-1345	−40	1371-1340
March	1370-1372	−31.5	1397-1376
May	1388-1390	−73	1411-1388
July	1409-1410	−26.5	1425-1408

Sales: 3078 (2184) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for May 6: 86.19 (87.48); five-day average for May 7: 87.57 (88.02).

COFFEE

With a lack of physical interest and rumours of lower mild coffee prices London came under pressure from the opening. Stale liquidation and trade selling pushed levels as much as £90 lower (basis July) and no recovery ever seemed likely. The "C" contract came under heavy pressure in the afternoon with speculative selling and liquidation, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or —	Business Done
May	2101-2115	−101.5	2190-2101
July	2156-2160	−106.0	2250-2155
Sept.	2202-2210	−116.0	2300-2205
Nov.	2260-2281	−107.0	2350-2261
Jan	2315-2325	−86.0	2395-2320
Mar.	2320-2340	−62.5	2410-2400
May	2325-2379	−87.5	—

Sales: 1,263 (1,599) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for May 5 Comp daily 1979 192.65 (192.69); 15-day average 192.42 (192.27).

SOYABEAN MEAL

Heavy commercial buying of the spot position and selling of the forwards kept prices mixed reflecting better cash premiums, reports Muirpace.

	Latest close £ per tonne	+ or —	Business Done
June	126.0-126.5	+0.10	127.3-126.5
August	122.7-123.8	−0.90	124.2-123.4
October	123.4-123.7	−0.70	124.3-123.8
Dec.	124.5-124.8	−0.70	124.9
Feb.	126.5-127.4	−1.35	—
Apr.	127.5-129.0	−1.50	—
June	127.5-128.5		—

Sales: 747 (170) lots of 20 tonnes.

GRAINS

Old crop Wheat and Barley markets steadied on merchant short covering while new crops also firmed on lack of offers and nervous profit-taking, reports T. G. Roddick.

Mnth	WHEAT Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	118.10	+0.70	114.60	+0.50
July	117.60	+0.75	—	—
Sept.	99.60	+0.45	98.45	+0.55
Nov.	102.50	+0.55	101.65	+0.55
Jan	105.30	+0.60	104.90	+0.50
Mar.	108.15	+0.55	107.20	+0.50

HGCA — Locational ex-farm spot prices: Feed Barley S. West 114.70. The UK monetary coefficient for the week beginning Monday, May 12 (based on HGCA calculations using five days exchange rates) is expected to be unchanged.

Business done—Wheat: May 118.15-7.00, July 117.60-6.80, Sept 99.6-9.5, Nov 102.35-1.85, Jan 105.30-4.94, Mar 108.15-7.55. Sales: 186 lots of 100 tonnes. Barley: May 14.65-4.15, Sept 98.45-8.00, Nov 101.65 only, Jan 104.95-4.55, Mar 107.55-7.25. Sales: 52 lots of 100 tonnes.

TEA

There were 32,697 packages on offer in this week's sale including 9,600 packages in the offshore section, reports the Tea Brokers' Association. A very selective market. Late season Assams proved irregular with medium and better kinds fully firm to dearer but other descriptions often appreciably lower. Bright Africans again sold well but mediums eased by 4p to 8p per kilo, while plainer teas lost 10p or more with many irregular withdrawals, particularly dusts. Quality Ceylons and bright mediums realised firm to dearer rates. Plainer sorts were 2p to 4p lower. Offshore offerings received [illegible]

US MARKETS

PRECIOUS METALS concluded a choppy day unchanged to slightly higher, after initially weaker oil prices and strong dollar values took their toll particularly in gold Heinold Commodities reports. Crude oil lost ground early due to technical profit-taking, as the main activity was attributed to light jobber interest. Expectations of a reasonable drawdown in API stocks for the last week inspired some short covering, and prices approached the close at unchanged levels. Copper lost much of the support of the previous session, as commission house selling in thin conditions annulled a healthy London performance. Cocoa came under heavy selling pressure in the wake of further origin offerings in London, where a limit-down situation seemed to trigger computer fund shortings in New York. Coffee traded sharply lower to limit down in the back months.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	5450	5510	5480	5450
June	5440	—	—	5450
July	5430	5465	5430	5450
Sept	5415	5445	5445	5435
Dec	5430	—	—	5490
Jan	5430	—	—	5480
March	5430	—	—	5450
May	5435	—	—	5485
July	5440	—	—	5480
Sept	5445	—	—	5465

COCOA 10 tonnes, $/tonnes

COFFEE "C" 37,500 lbs, cents/lbs

COPPER 25,000 lbs, cents/lb

COTTON 50,000 lbs, cents/lb

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

GOLD 100 troy oz, $/troy oz

PLATINUM 50 troy oz, $/troy oz

HEATING OIL 42,000 US gallons, cents/US gallons

	Close
June	42.15
July	40.80
Aug	40.90
Sept	41.30
Oct	42.00
Nov	42.25
Dec	43.00
Jan	43.00

ORANGE JUICE 15,000 lbs, cents/lbs

	Close
May	94.30
July	94.80
Sept	92.90
Nov	93.30
Jan	93.20
March	93.70
May	94.20
July	94.70
Sept	94.70

SILVER 5,000 troy oz, cents/troy oz

	Close
May	519.0
June	521.4
July	524.5
Sept	530.5
Dec	540.2
Jan	543.4
March	549.4
May	555.8
July	562.4

SUGAR WORLD "11" 112,000 lbs, cents/lbs

	Close
July	8.20
Sept	8.11
Oct	8.16
Jan	8.20
March	8.35
May	8.42
July	8.58
Sept	8.73
Oct	8.93

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lbs

	Close
June	56.35
Aug	53.37
Oct	52.45
Dec	53.67
Feb	54.00
April	55.00

LIVE HOGS 30,000 lbs, cents/lbs

MAIZE 5,000 bu min, cents/56 lb bushel

PORK BELLIES 38,000 lbs, cents/lb

SOYABEANS 5,000 bu min, cents/60lb bushel

SOYABEAN MEAL 100 tons, $/ton

SOYABEAN OIL 60,000 lbs, cents/lb

WHEAT 5,000 bu min, cents/60lb bushel

SPOT PRICES—Chicago loose lard 11.00 (same) cents per pound. Handy and Harman silver bullion 515.50 (518.00) cents per troy ounce.

SUGAR

LONDON DAILY PRICE—Raw sugar $207.00 (£135.00), down 0.50c (down £1.50) a tonne for June/July delivery. White sugar $222.50, down 0.50c.

GAS OIL FUTURES

POTATOES

OIL

COTTON

FREIGHT FUTURES

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering boosts dollar

The dollar recovered from lows touched in the Far East yesterday and in New York on Monday, reflecting renewed short covering and profit-taking. Trading was rather nervous amid increasingly more obvious signs that the recent economic summit in Tokyo had exposed disagreements on what each nation considered to be an ideal level for the dollar.

While West German and Japanese officials gave the impression that a further decline would be met by intervention, US and UK authorities stressed a desire to see the dollar depreciate further. Since the dollar has recovered from lows touched last week, there was a tendency to cover short positions as the prospects of a small technical recovery grew. Dealers were fairly united, however, that the long term outlook for the dollar had not changed from being rather gloomy.

After a very weak start which saw the dollar touching an all time low of Y164.85 against the yen, it recovered to finish at Y166.20 compared with Y169.75 on Friday. Against the D-mark it dipped to DM 2.1790 before coming back to DM 2.2075 against DM 2.2140 on Friday. Elsewhere, it fell to SFr 1.8455 from SFr 1.8525 and FFr 7.03 compared with FFr 7.0450. On Bank of England figures, the dollar's exchange rate index fell from 114.5 to 114.3.

£ IN NEW YORK

May 6	Close	Prev. close
£ Spot	$1.5330-1.5400	$1.5265-1.5275
1 month	0.53-0.50pm	0.52-0.50pm
3 months	1.35-1.31pm	1.33-1.30pm
12 months	3.77-3.67pm	3.80-3.65pm

Forward premiums and discounts apply to the U.S. dollar

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. April average 1.4988. Exchange rate index 76.3 against 76.3 at the opening and 76.0 on Friday. The six months ago figure was 80.0.

Sterling showed little overall change after its early gains. News of a sharp rise in UK money supply appeared to have little effect since this had already been discounted. The pound rose to $1.5340 from $1.5220 against the dollar and DM 3.3875 from DM 3.37. It was lower against the yen at Y255 from Y258.25 but rose elsewhere to SFr 2.83 from SFr 2.82 and FFr 10.7850 from FFr 10.7225.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. April Average 2.2723. Exchange rate index 134.9 against 128.1 six months ago.

The D-mark finished below its best level in Frankfurt yesterday in nervous trading. The dollar reacted to comments by a West German official broadly hinting that the Bundesbank would act to try and arrest any further decline in the dollar's value against the D-mark. The US unit was fixed without intervention at DM 2.2208 from DM 2.1834 and closed at DM 2.2090 from DM 2.1800 on Monday. The D-mark still showed a sharp rise from Monday helped by comments made by Mr George Bush, US vice president, that the US authorities would not intervene on behalf of the dollar.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 166.20 April average 175.05. Exchange rate index 205.3 against 176.8 six months ago.

The yen continued to rise against the dollar in Tokyo with a majority of nations at the economic summit still pushing for a lower dollar. Despite further suggestions that Japan or West Germany may intervene to buy dollars, the US unit fell to a record trading low of Y164.85 before closing at Y165.20 down from Y165.35 in New York and Y170.70 in Tokyo on Friday. It touched a high of Y166.10 early in the day but was sold following news that an agreement designed to stimulate currency stability had failed to rule out further dollar declines. Elsewhere the D-mark slipped to Y75.70 from 76.60 on Friday.

POUND SPOT—FORWARD AGAINST POUND

May 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5216-1.5455	1.5335-1.5345	0.53-0.51c pm	4.06	1.35-1.32pm	3.48
Canada	2.1047-2.1181	2.1170-2.1180	0.43-0.35c pm	2.21	0.88-0.77pm	1.56
Nethlnd.	3.7977-3.8375	3.8170-3.8190	1½-1⅛c pm	4.71	4⅝-4⅛pm	4.71
Belgium	68.72-69.79	69.15-69.25	15-10c pm	2.19	43-33pm	2.77
Denmark	12.91½-12.64¼	12.53-12.53½	4¼-3¼ore dis	−3.58	12-9 pm	3.35
Ireland	1.1085-1.1175	1.1120-1.1130	par-0.15c dis	−0.80	par-0.10 dis	−0.63
W. Ger.	3.3685-3.4020	3.3870-3.3880	1⅞-1⅜pf pm	6.19	5-4¼ pm	5.69
Portugal	216.98-227.62	217.76-227.11	135-370c dis	−13.58	715-2080dis	−25.06
Spain	214.50-215.98	215.30-215.75	25-65c dis	−2.50	85-200 dis	−2.64
Italy	2307½-2337	2323½-2324½	1-5lire dis	−1.54	9-16 dis	−1.15
Norway	10.70-10.87¾	10.72¼-10.73¼	15½-17½ore d	−18.73	25½-27¼ds	−9.87
France	10.73¼-10.83¼	10.78-10.79	2⅞-2¼c pm	2.78	7⅞-7c pm	2.77
Sweden	10.82-10.88¾	10.87¾-10.87¾	¼-1⅛ore dis	−0.82	1¼-3⅛ dis	−0.82
Japan	254½-258¾	254¾-255¾	1⅞-1¾y pm	6.23	3⅞-3⅛y pm	5.68
Austria	23.76-24.04	23.82-23.88	13-11½gro pm	6.22	33-29¼ pm	5.28
Switz.	2.81¼-2.84¼	2.82¼-2.83¼	1⅝-1½c pm	6.36	4⅞-4¾ pm	6.19

Belgian rate is for convertible francs. Financial franc 69.65-69.75. Six-month forward dollar 2.30-2.25c pm, 12-month 3.78-3.68c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5216-1.5455	1.5335-1.5345	0.53-0.51c pm	4.06	1.35-1.32 pm	3.48
Ireland†	1.3660-1.3900	1.3805-1.3820	0.53-0.45c pm	4.26	1.33-1.18 pm	3.49
Canada	1.3755-1.3793	1.3763-1.3773	0.21-0.24c dis	−1.96	0.65-0.68ds	−1.94
Nethlnd.	2.4580-2.5198	2.4885-2.4895	0.24-0.21c pm	1.08	0.78-0.75 pm	1.22
Belgium	44.65-45.82	45.05-45.16	5-7c dis	−1.32	11-16 dis	−1.19
Denmark	8.06¼-8.26	8.16¼-8.17¼	par-½ore dis	−0.36	½pm-1½dis	−0.18
W. Ger.	2.1790-2.2305	2.20⅞-2.21	0.44-0.39c pm	2.23	1.25-1.20 pm	2.20
Portugal	146.90-148.60	147.20-147.70	140-290c dis	−17.46	400-840ds	−16.78
Spain	139.30-141.86	139.65-139.85	65-80c dis	−6.19	175-210dis	−5.48
Italy	1496-1529	1514½-1515½	16½-18lire dis	−1.36	23-24½ dis	−9.26
Norway	6.92½-7.04½	6.98¼-6.98¾	7.60-7.90ore d	−13.77	17.55-17.75d	−10.08
France	6.9475-7.1000	7.02½-7.03½	0.62-0.72c dis	−1.13	1.30-1.60ds	−0.81
Sweden	7.01½-7.12¼	7.08¾-7.09¼	2.70-2.90ore ds	−4.72	7.20-7.60ds	−4.16
Japan	164.85-168.15	166.15-166.25	0.35-0.32y pm	2.39	0.93-0.88 pm	2.18
Austria	15.33¼-15.66	15.55-15.56½	3.10-2.50gro pm	2.15	7.75-5.75 pm	1.72
Switz.	1.8200-1.8620	1.8450-1.8460	0.43-0.38c pm	2.62	1.25-1.26 pm	2.64

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.40-45.50.

EXCHANGE CROSS RATES

May 6	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.534	3.388	256.0	10.79	2.830	3.818	2324.	2.118	69.20
$	0.652	1.	2.208	166.2	7.031	1.845	2.489	1516.	1.380	45.11
DM	0.295	0.453	1.	75.28	3.184	0.835	1.127	686.1	0.625	20.43
YEN	3.929	6.016	13.28	1000.	42.29	11.10	14.97	9114.	8.304	271.4
F Fr.	0.927	1.422	3.141	236.4	10.	2.624	3.540	2155.	1.963	64.19
S Fr.	0.353	0.542	1.197	90.11	3.811	1.	1.349	821.2	0.748	24.46
H Fl.	0.262	0.402	0.887	66.80	2.825	0.741	1.	608.8	0.550	18.13
Lira	0.430	0.660	1.458	109.7	4.641	1.218	1.643	1000.	0.911	29.78
C $	0.472	0.724	1.600	120.4	5.093	1.336	1.803	1098.	1.	32.68
B Fr.	1.445	2.217	4.895	368.6	15.59	4.090	5.517	3358.	3.060	100.

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

May 6	Short term	7 Days notice	1 Month	Three Months	Six Months	One Year
Sterling	10⅞-11	10⅞-11	10¾-10⅞	10⅝-10⅞	9⅞-10	9½-9⅝
U.S. Dollar	6⅞-7	6⅞-6⅞	6⅞-6⅞	6⅞-6⅞	6⅞-6⅞	6¾-6⅞
Can Dollar	8⅛-9⅞	8⅛-9	9⅛-9⅝	8⅛-8¾	8⅛-8⅝	8¾-9
D Guilder	6¼-8⅛	5-6¼	5⅞-5⅞	5⅜-5⅛	5⅜-5⅞	5⅞-6
Sw. Franc	2⅞-3⅛	2⅞-3⅛	4⅛-4¼	4⅛-4¼	4⅛-4¼	3⅞-4
Deutschmrk	4⅛-5	4⅜-4⅞	4⅝-4⅞	4⅛-4⅝	4⅛-4⅝	4⅛-4⅝
Fr. Franc	7⅝-7¾	7⅝-7⅞	7⅞-7¾	7⅞-7⅞	7⅞-7⅞	7⅝-7⅝
Italian Lire	10-12	11-12⅛	11-12	11⅝-12⅛	11⅝-12⅛	11⅝-16⅛
B.Fr.(Fin)	7¾-8	8¼-8⅛	8¼-8½	8-8¼	7⅛-7¾	7¼-7⅞
B.Fr.(Con)	7¾-8	8¼-8¾	8¼-8⅜	7¾-8¼	7¼-7¾	7-7⅛
Yen	4⅝-4¾	4⅝-4⅞	4⅝-4⅞	4⅞-4⅞	4⅛-4⅝	4⅝-4⅞
D. Krone	6⅝-7⅛	7⅛-8	7¼-8	7¼-7¾	7-7½	7-7⅛
Asian $ (Sng)	6⅞-7⅛	6⅞-7⅛	6⅞-6⅞	6⅛-6⅞	6⅛-6⅞	6¾-6⅞

Long-term Eurodollars: two years 7¼-7½ per cent; three years 7½-7¾ per cent; four years 7¾-8 per cent; five years 8-8¼ per cent nominal. Short-term rates are call for US dollars and Japanese yen; others, two days' notice.

CURRENCY MOVEMENTS

May 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	76.3	−15
U.S. dollar	114.3	+6.2
Canadian dollar	78.7	−11.6
Austrian schilling	125.9	+7.0
Belgian franc	95.3	−7.3
Danish Krone	95.6	−1.6
Deutsche mark	134.9	−14.6
Swiss franc	166.0	+16
Guilder	124.6	+9
French franc	69.1	−13.4
Lira	46.2	−17.8
Yen	205.3	+61.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 6	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.763674	0.633006
US $	6½	1.16949	0.966264
Canadian $	8.97	*	1.33212
Austria Sch	4	18.2078	15.1562
Belgian Fr	8¼	53.1387	44.1978
Danish Kr	7	9.58689	7.97088
D'mark	3½	2.59720	2.15811
Guilder	4½	2.93133	2.42644
French Fr	9½	8.28935	6.85820
Lira	13	N/A	1478.66
Yen	3½	193.561	160.287
Norway Kr	8	8.10520	6.60505
Span'h Pta	—	164.664	136.799
Swedish Kr	8	8.29110	6.87994
Swiss Fr	4	2.10968	1.79835
Greek Drch	20½	162.647	134.004
Irish Punt	—	N/A	0.706090

* C$/SDR rate for May 5: 1.62109.

OTHER CURRENCIES

May 6	£	$
Arg'tina	1.2797-1.2882	0.8400-0.8410
Aus'alia	2.0795-2.0835	1.3601-1.3614
Brazil	20.87-21.10	13.77-13.84
Finland	7.6790-7.6955	4.9975-5.0025
Greece	212.16-213.82	139.50-140.00
H'kong	11.9888-12.0090	7.7850-7.7870
Iran	120.10*	78.85*
Kuwait	0.4405-0.4420	0.28748-0.28780
Lux'burg	69.15-69.25	45.00-45.15
Malaysia	3.9498-3.9600	2.5700-2.5750
N' Z'land	2.6250-2.6325	1.7127-1.7211
Saudi Ar.	5.5950-5.6010	3.6490-3.6500
Sin'pore	3.3850-3.3900	2.2030-2.2050
S Af (Cm)	3.6059-3.2167	2.0920-2.0964
S Af (Fn)	5.0569-5.1611	3.3057-3.3013
U.A.E.	5.6300-5.6385	3.6715-3.6749

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.9418	+0.61	+0.61	±1.5388
Danish Krone	7.91896	7.97088	+0.66	+0.66	±1.6408
German D-mark	2.13834	2.15211	+0.64	+0.64	±1.1202
French Franc	6.96280	6.85820	−1.50	−1.50	±1.3701
Dutch Guilder	2.40935	2.42644	−0.71	−0.71	±1.5081
Irish Punt	0.712956	0.706090	−0.96	−0.96	±1.6689
Italian Lira	1496.21	1478.66	−1.17	−1.17	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Generally firm

Interest rate contracts were generally stronger on the London International Financial Futures Exchange yesterday, but sterling contracts retreated immediately ahead of publication of the UK mid-April money supply figures. Rumours of poor figures proved correct, with sterling M3 rising 3 per cent to 3.25 per cent, compared with 2.2 per cent in the mid-March banking month. Traders on Liffe had expected a rise of around 2.75 per cent, but after the sharp fall, just before release of the figures, there was very little more movement. Contracts opened firmer, after a very strong performance by bond futures in Chicago on Monday.

June long term gilts opened at 126-27, and after touching 127-06, fell to a low of 126-22, and closed at 126-23, compared with 126-09 on Friday. Dealers said that although the money supply was disappointing, the market was looking for distortions, because of special factors, and was encouraged by the good performance by the pound on the foreign exchanges. Three-month sterling futures closed unchanged, but near the day's low, as the M3 figure was seen as a further setback to lower UK interest rates. US Treasury bond futures traded confidently, ahead of last night's first round of a record $27bn refunding

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	10.46	11.35	—	—	0.00	0.37	—	—
118	6.46	9.55	—	—	0.00	0.57	—	—
120	6.47	8.19	—	—	0.01	1.21	—	—
122	4.51	6.55	—	—	0.05	1.57	—	—
124	3.02	5.17	—	—	0.20	2.39	—	—
126	1.40	4.28	—	—	0.58	3.30	—	—
128	0.45	3.31	—	—	1.63	4.33	—	—
130	0.15	2.43	—	—	3.33	5.45	—	—

Estimated volume total, Calls 723, Puts 416
Previous day's open int, Calls 10,099, Puts 3,458

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	8.43	9.48	—	—	0.00	0.50	—	—
94	6.49	7.13	—	—	0.01	1.15	—	—
96	4.53	5.51	—	—	0.05	1.53	—	—
98	3.03	4.36	—	—	0.19	2.38	—	—
100	1.41	3.32	—	—	0.57	3.34	—	—
102	0.46	2.40	—	—	1.62	4.42	—	—
104	0.16	1.59	—	—	3.32	5.61	—	—
106	0.04	1.24	—	—	5.20	7.26	—	—

Estimated volume total, Calls 336, Puts 73
Previous day's open int, Calls 2,128, Puts 1,262

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
130	23.25	23.25	—	23.25	0.00	0.00	—	0.26
135	18.25	18.25	18.25	10.25	0.00	0.03	0.14	0.66
140	13.25	13.25	13.25	13.25	0.00	0.16	0.40	1.45
145	8.25	8.27	8.60	9.28	0.05	0.67	1.35	2.80
150	1.69	4.61	5.25	6.30	0.63	2.01	3.00	4.82
155	0.98	2.14	2.21	4.03	2.92	4.54	5.62	7.55
160	0.12	0.80	1.39	1.43	7.05	8.20	9.14	10.95

Estimated volume total, Calls 260, Puts 205
Previous day's open int, Calls 5,949, Puts 6,342

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.30	—	24.10	—	21.90	—	0.15	—	0.40
1.35	19.10	19.10	—	24.10	0.05	0.20	—	0.70
1.40	14.10	14.10	14.10	19.10	0.05	0.30	0.50	1.50
1.45	9.10	9.25	9.45	10.30	0.10	0.70	1.20	2.50
1.50	3.90	4.50	5.20	6.20	0.55	1.05	3.30	4.80
1.55	0.80	2.15	2.00	4.00	3.20	4.80	5.90	7.60
1.60	0.30	0.80	1.35	1.30	7.60	8.50	9.50	11.00

Previous day's open int, Calls 5,072, Puts 3,803
Volume, 166

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike price	Calls—Last May	June	July	Sept	Puts—Last May	June	July	Sept
1.30	23.50	23.50	—	23.50	—	—	—	0.20
1.35	18.50	10.50	18.50	18.50	—	0.05	0.15	0.60
1.40	3.50	13.50	13.50	14.00	—	0.15	0.40	1.25
1.45	8.70	6.56	8.90	8.90	0.05	0.50	1.15	—
1.50	1.05	4.30	5.30	6.45	0.70	1.65	1.50	4.05
1.55	1.10	1.05	2.70	4.25	2.30	1.95	4.95	6.45
1.60	0.15	0.80	1.35	—	6.40	7.60	8.25	—

Previous day's open int, Calls 48,165, Puts 41,508
Previous day's volume, Calls 560, Puts 971

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
91.00	1.34	2.54	—	—	0.00	0.00	—	—
91.50	1.84	1.86	1.77	—	0.00	0.01	0.04	—
92.00	1.34	1.37	1.32	—	0.00	0.02	0.09	—
92.50	0.84	0.92	0.90	—	0.00	0.07	0.17	—
93.00	0.39	0.53	0.56	—	0.05	0.18	0.33	—
93.50	0.10	0.24	0.30	—	0.26	0.39	0.57	—
94.00	0.01	0.08	0.13	—	0.67	0.73	0.90	—

Previous day's open int, Calls 3,844, Puts 2,847
Volume, 200

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	100-20	101-06	100-14	100-29
Sept	99-29	100-12	99-22	100-03
Dec	99-03	99-17	98-29	99-08
March	—	98-23	98-07	98-15
June	—	—	—	97-24
Sept	97-00	97-00	97-00	97-03
Dec	—	—	—	96-15
March	—	—	—	95-31
June	—	—	—	95-16
Sept	—	—	—	—
Dec	—	—	—	94.24

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	94.12	94.16	94.12	94.15
Sept	94.34	94.38	94.32	94.35
Dec	—	94.28	94.26	94.28
March	—	94.09	94.08	94.09
June	—	—	—	93.88
Sept	93.66	93.67	93.56	93.56
Dec	93.46	93.46	93.46	93.46
March	—	—	—	93.29

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	—	—	—	93.65
Sept	—	—	—	93.66
Dec	—	—	—	93.53

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
June	93.32	93.37	93.31	93.35
Sept	93.34	93.38	93.32	93.36
Dec	93.21	93.26	93.20	93.24
March	—	93.04	92.98	93.02
June	92.73	92.77	92.73	92.78
Sept	—	92.53	92.49	92.55
Dec	92.29	92.30	92.28	92.34
March	92.08	92.10	92.08	92.14

LONDON

US TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	100-24	101-02	100-12	99-02
Sept	99-31	100-04	99-30	98-09
Dec	99-08	—	—	87-10

Estimated volume 5,930 (5,202)
Previous day's open int 6,053 (6,167)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
June	163.10	167.95	163.00	166.70
Sept	165.35	167.00	167.00	168.95
Dec	167.85	—	—	171.45

Estimated volume 522 (160)
Previous day's open int 1,749 (1,747)

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
June	103-10	103-25	103-10	103-10
Sept	103-30	103-40	103-30	103-30

Estimated volume 186 (595)
Previous day's open int 1,405 (1,234)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
June	126-23	127-06	126-22	126-09
Sept	126-31	127-12	127-03	126-16
Dec	126-30	—	—	126-15
March	126-26	—	—	126-11

Estimated volume 4,886 (5,166)
Previous day's open int 13,475 (13,232)
Basis quote (clean cash price of 13¼% Treasury 2004/08 less equivalent price of near futures contract) −4 to 4 (32nds)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
June	90.19	90.32	90.17	90.19
Sept	91.03	91.14	91.02	91.00
Dec	91.30	91.40	91.30	91.23
March	91.24	91.33	91.24	91.22
June	91.10	91.17	91.17	91.07

Estimated volume 2,979 (3,117)
Previous day's open int 19,163 (19,187)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
June	93.34	93.36	93.32	93.14
Sept	93.35	93.39	93.33	93.13
Dec	93.23	93.29	93.32	93.02
March	93.01	93.06	93.01	92.80
June	92.76	92.78	92.78	91.55
Sept	92.54	—	—	92.34
Dec	92.31	—	—	92.11

Estimated volume 4,831 (4,917)
Previous day's open int 20,750 (20,461)

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5340	1.5298	1.5207	1.5113	1.4967

IMM—STERLING $s per £

	Latest	High	Low	Prev
June	1.5270	1.5300	1.5156	1.5355
Sept	—	1.5190	1.5056	1.5240
Dec	1.5075	1.5075	1.4970	1.5145

LIFFE—STERLING
£25,000 $s per £

	Close	High	Low	Prev
June	1.5260	1.5327	1.5190	1.5200
Sept	1.5148	—	—	1.5095
Dec	1.5065	—	—	1.5005

Estimated volume 120 (80)
Previous day's open int 1,849 (1,789)

STERLING INDEX

	May 6	Previous
8.30 am	76.3	75.9
9.00 am	76.2	75.8
10.00 am	76.4	75.7
11.00 am	76.4	75.9
Noon	76.4	76.0
1.00 pm	76.4	76.0
2.00 pm	76.3	75.8
3.00 pm	76.3	75.7
4.00 pm	76.3	76.0

MONEY MARKETS

Slight firming at long end on M3

Longer term rates firmed slightly on the London money market yesterday, after the disappointing rise of 3 per cent to 3¼ per cent in monthly sterling M3 money supply. Although the rise was more than expected, a rise in excess of the previous month's 2.2 per cent had been widely forecast, and the impact on the market was reflected more in changing sentiment than in rate movements. Three-month interbank was unchanged at 10⅛-10¼ per cent, as hopes of lower bank base rates were pushed further into the future, in spite of encouragement from the Tokyo summit meeting, which caused an initial easing of rates.

The Bank of England forecast a money market shortage of £700m initially, but changed this to £650m in the afternoon, and provided total assistance of £660m.

Before lunch the authorities bought £454m bills outright, by way of £10m bank bills in band 1 at 10⅜ per cent; £431m bank bills in band 2 at 10 5/16 per cent; £7m bank bills in band 3 at 10¼ per cent; and £6m bank bills in band 4 at 10 3/16 per cent.

In the afternoon another £206m bills were purchased outright, through £46m local authority bills in band 2 at 10 5/16 per cent; and £160m bank bills in band 2 at 10 5/16 per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £842m, with the unwinding of repurchase agreements on bills absorbing £498m. These outweighed Exchequer transactions adding £335m to liquidity, a fall in the note circulation of £275m, and bank balances above target by £45m.

In Frankfurt the Bundesbank accepted bids of DM 11.9bn for a 28-day securities repurchase agreement, at a fixed rate of 4.35 per cent. Banks will be credited with the funds today, when DM 9bn will flow out of money market, as an earlier agreement expires. Bids at yesterday's tender totalled DM 23.7bn. Call money remained firm at 4.90 per cent yesterday, in tight conditions, partly reflecting recent heavy foreign demand for German equities and bonds, financed by short term Euromark borrowings, which have leaked through into the domestic market. The Bundesbank council meets today, but is not expected to change the 3.5 per cent discount rate or 5.5 per cent Lombard rates, because of the D-mark's technical weakness in the EMS, and for fear of increasing money supply growth.

UK clearing bank base lending rate 10½ per cent since April 21

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	7¾
Fed funds	6 11/16
Fed funds at intervention	—

Treasury Bills & Bonds

One month	5.88
Two month	6.01
Three month	6.23
Six month	6.36
One year	6.46
Two year	6.79
Three year	6.98
Four year	7.03
Five year	7.13
Seven year	7.26
10 year	7.41
30 year	7.49

MONEY RATES

May 6	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	Lombard Int'vtin
Frankfurt	4.85-4.95	4.50-4.65	4.45-4.60	4.45-4.60	4.45-4.60	5.0
Paris	7⅞	7 5/16-7 7/16	7 5/16-7 7/16	7⅛-7¼	7 3/16-7 5/16	7½
Zurich	⅞-1⅛	4-4¼	—	4¼	—	—
Amsterdam	9½-6⅝	6¼-5⅞	—	0 7/16-5⅞	—	—
Tokyo	4.46875	—	—	4.65625	—	—
Milan	13 13⅛	12⅞-13¼	—	12⅛-12⅞	—	—
Brussels	0.35	6⅝ 8½	—	9 5/16-8⅞	—	—
Dublin	11-11¼	11⅛ 11⅝	—	10½-10⅝	2¾-10	—

FT LONDON INTERBANK FIXING

(11.00 a.m. May 6)

Three months US dollars		Six months US dollars	
bid 6 [illegible]	Offer 6 [illegible]	bid 6 [illegible]	Offer 6 [illegible]

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 6	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	6-11¼	10⅞-11⅛	10 5/16-10½	10⅛-10½	9⅞-10⅛	9 9/16-9 11/16
Sterling CDs	—	—	10 5/16-10 7/16	10⅛ 10¼	9⅝ 9 11/16	9⅛ 9¼
Local Authority Depos	10⅞	10⅝-10⅞	10 7/16	10⅜	9⅞	9 [illegible]
Local Author'y Bonds	—	—	11	10¾	10¼	9½
Discount Mkt Depos	8-10½	10¾-11	10½	10	—	—
Company Depos	10-11⅛	11-11⅛	10⅞-11	10½	—	—
Finance House Depos	—	—	10 [illegible]	10½	9 [illegible]	9 [illegible]
Treasury Bills (Buy)	—	—	10⅜	10	—	—
Bank Bills (Buy)	—	—	10⅜	10-10⅛	9¾	—
Fine Trade Bills (Buy)	—	—	11	10⅝	10 [illegible]	—
Dollar CDs	—	—	6.70-6.75	6.65-6.70	6.60-6.65	6.70-6.75
SDR Linked Depos	—	—	6½-6¾	6⅜-6⅝	6 [illegible]	6½-6½
ECU Depos	—	—	7⅞-8	7 [illegible]	7 [illegible]	7⅛-7¼

Treasury Bills (sell): one-month 10¼ per cent; three-months 10 per cent. Bank Bills (sell): one-month 10 11/32 per cent; three-months 9 31/32-10 per cent. Treasury Bills: Average tender rate at discount 9.9183 per cent. ECGD Fixed Finance Scheme IV reference date April 2 to May 6 (inclusive) 10.524 per cent. Local authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11½ per cent from May 1 1986. Bank Deposit Rate for sums at sevendays' notice 5½-6 per cent. Certificates of Tax Deposits (Series 6): Deposit £100,000 and over held under one month 10¾ per cent; one-three months 10½ per cent; three-six months 10 per cent; six-nine months 9¾ per cent; nine-12 months 9½ per cent. Under £100,000 9½ per cent from April 29. Deposits held under Series 5 9½ per cent. Deposits withdrawn for cash 6 per cent.

Company Notices

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100½	99¼	Treas 12pc 1986	100½xd	.....	11.98	10.38
99½	98⅛	Treas 8½pc 1984-86‡‡	99½	..	8.53	10.39
102½	100½	Exch. 14pc 1986	102	+½	13.73	9.57
96	94⅞	Exch. 2½pc 1986	97⅞xd	+½	2.55	6.54
102½	100⅜	Exch. 13½pc 1987	102½	+½	12.90	9.18
100⅞	97½	Treas 10¼pcCv '87	100⅞	..	10.19	9.31
96⅞	92½	Exch 2½pc 1987	96½	...	2.58	6.70
101½	97½	Exch 10½pc 1987	101⅛	+⅛	10.38	9.15
98¼	93⅜	Fundng 6½pc '85-87‡‡	98¼		6.62	8.38
101½	96½	Treas 10pc 1987	100½xd	+½	9.92	9.25
95⅞	90⅞	Treas 3pc 1987	95⅝	+½	3.14	6.90
104½	99⅛	Treas. 12pc 1987	104⅛	+⅛	11.52	8.95
99½	92½	Treas 7¾pc 1985-88‡‡	90⅞	+⅛	7.84	8.44
104	96⅝	Exch 10½pc '88	103¼xd	+½	10.18	8.77
102⅝	95⅛	Treas 9¾pc Cv '88	101½	+½	9.61	8.97
92½	86⅞	Transport 3pc '78-88	92⅝		3.24	6.74
102½	93½	Treas 9½pc '88	101½	+⅛	9.36	8.80
107½	98½	Treas 11½pc 1989	106⅝	+⅛	10.78	8.76
103½	93⅛	Treas 9½pc Cnv. '89	102⅛	+⅛	9.30	8.66
90½	82½	Treas 3pc 1989	90⅝xd	+½	3.31	6.47
105½	95½	Treas 10½pc 1989	104½	+½	10.05	8.80
104½	94⅛	Exch 10pc 1989	103½	+½	9.68	8.80
107½	97	Exch 11pc 1989	106½	+½	10.33	8.72
92⅞	84½	Treas 5pc 1986-89	92½	+½	5.39	7.40
110½	94⅝	Exch 10¼pcCv '89	208½xd	+½	9.46	7.51
114½	103½	Treas 13pc 1990‡‡	113⅛	+½	11.47	8.67
108¼	97⅛	Exch 11pc 1990‡‡	107½	+⅛	10.24	8.63
113⅛	101½	Exch 12½pc 1990	112½	+½	11.13	8.67
87½	79⅝	Treas 3pc 1990	87½xd	+½	3.43	6.62
100½	89⅛	Treas 8¼pc 1987-90‡‡	99⅝	+½	8.28	8.35
106½	93	Treas 10pcCv 1990	104½	+½	9.55	8.71
83⅞	76½	Exch 2½pc 1990	83¼xd	+½	2.98	6.71
112½	99½	Treas 11¾pc 1991	111½	+½	10.55	8.74
94	83½	Funding 5¾pc '87-91‡‡	93½	+½	6.13	7.27
		Five to Fifteen Years				
110⅞	96½	Exch. 11pc 1991	109¼	+⅛	10.02	8.71
118⅝	103⅝	Treas 12¾pc 1992‡‡	117⅛	+⅛	10.89	8.85
107⅝	92½	Treas 10pc 1992	206	+⅛	9.93	8.65
109½	94½	Treas 10½pc Cv 1992‡‡	100xd	+⅛	8.72	8.76
117¼	101½	Exch. 12¼pc '92	115½	+⅛	10.57	8.90
123¼	106⅞	Exch 13½pc 1992	121½	+⅛	11.08	8.91
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
145	82	♣Midland Marts	145		4.0	2.1	3.9	17.3
78½	61	Mitchell Cotts	68		‡2.5	1.5	8.8	(9.6)
109	81	♣Monks & Crane 10p	103		‡2.7	2.7	3.7	14.2
310	210	Morgan Crucible	308xc	+5	8.5	●	3.9	●
29	15½	♣Morris (Wl.) F.A. 20p	22		Q2.2	●	3.2	●
139	96	Moss (Robt.) 10p	132		†3.0	2.7	3.2	14.2
100	65	Mysan Grp 10p	91		2.65	2.6	4.1	11.6
365	259	♣NMW Computers	335		6.0	3.3	0.9	19.3
40	27	Nash Inds.	28		0.5	—	2.5	—
28	16	Neil & Spencer 10p	18		—	—	—	5.4
37	28	Newman Inds. 10p	36	−1	0.8	●	3.2	●
65	50	Nolton	50	−6	0.95	5.9	2.7	7.1
132	96	♣Norank Systems 5p	125	−1	u3.0	●	3.4	●
263	187	Norcros	257	+2	†8.6	2.0	4.7	14.0
88	49	Nu Swift 5p	88	+3	3.5	●	5.7	●
118	80	Oakwood Grp.	110		5.0	1.3	6.4	15.3
258	203	Office & Elect	245		8.5	●	5.0	●
102	70	Oldacre 20p	85		4.4	2.5	6.6	7.5
36	24	♣Optometrics $0.01	24		u0.02	2.1	6.5	0.0
765	500	Oriflame £1	765xc	+10	24.5	●	3.2	●
10	6	Overstone 12½p	9		‡0.25	1.9	3.6	4.5
£275	£228	Ozalid 9pc Cnv 87-92	£270		Q9%	—	13.4	—
100	85	♣PCT Grp 10p	85		3.2	1.2	7.5	(20.9)
£201½	950	PLM 'B' Sk 25	£27	+1½	Q23%	0.3	3.9	—
166	114	PSM Intl	166	+4	5.5	●	4.8	●
255	167	♣Pacer Systems $0.01	210		u0.64	3.4	1.3	23.4
78	58	♣Pacific Sales 10p	58		3.0	1.7	7.3	15.8
312	225	Park Place 10p	308	+48	♦6.25	1.9	2.9	25.9
425	246	Parker Knoll 'A'	415		†9.5	2.9	3.2	15.1
525	208	♣Parkfield Group 5p	515	−10	†2.4	2.4	0.7	86.1
53	30	♣Paxman Ind	36	−2	—	—	—	—
£130	£92	Do 11pc CvLn '94-02	£95	−5	Q11%	—	11.8	—
503	393	Pearson	455		10.0	2.8	3.1	15.2
21	12	Peck Holdings 10p	21		—	—	—	—
130	88	Peerless	125		6.3	—	7.1	—
610	283	Pentland 10p	610	+10	1.5	●	0.3	●
£14	775	Photo-Me	£11½		†5.00	8.3	0.6	—
475	315	Pilkington Br. £1	440	−11	12.5	2.5	4.0	10.9
£385	£295	Pitney-Bowes Cnv Ln	£352		Q5½%	—	1.6	—
96	52	Plastic Const. 10p	90	−1	2.8	2.0	4.4	15.8
9½	7	Platignum 5p	9	+½	—	—	—	—
163	115	♣Platon Int.	155		†2.8	3.2	2.5	11.5
17	9½	Polymark 10p	13		—	—	—	—
85	49	Do. CnvPf4 £1	75	−5	10%	—	18.8	—
920	585	Portals	900xd		22.0	3.4	3.4	12.0
318	238	Powell Duffryn 50p	294	−2	14.0	1.3	6.7	16.2
157	100	Prestwich	138	+4	td0.53	7.8	0.5	27.1
75	59	Pritchard Svs	66	−3½	2.55	●	5.6	●
61	35	♣Probmeter 5p	60		♦1.0	4.1	2.4	14.5
£13⅝	775	Quantum Systems $0.10	£12	−⅛	—	—	—	—
182	97	RFD Group 10p	180		♦13.72	2.4	2.9	20.2
130	124	Radiant Metal	127		2.5	0.7	2.8	—
40	17	♣Ramco Oil 10p	17		0.7	5.4	5.8	4.2
577	428	Rank Org.	547	−2	15.0	1.8	3.9	16.9

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

PROPERTY

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
230	138	Beatrix Mines†	158	+10	15c	1.2	3.1
905	669	F.S. Cons. Gold 50c	700	+25	Z0160c	—	7.8
240	120	Free State Dev. 10c	160		035c	1.1	3.0
962	594	Harmony 50c	625	+11	Q265c	●	11.7
410	213	Loraine R1	225		075c	3.1	10.8
987	750	St. Helena R1	806	+25	Q450c	1.9	18.1
569	354	Unisel	450		†Q150c	1.1	10.8
523	372	Welkom Gold Hldgs 50c	463	+25	Q234c	1.0	17.3

Diamond and Platinum

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
£55	£32	Anglo-Am Inv 50c	£46		Q810c	●	5.7
527	312	De Beers Df. 5c	468	+12	Q55c	5.1	3.8
490	315	Do. 40pc Pf. R5	375		Q200c	‡	17.3
710	550	Impala Plat. 20c	590		Q135c	1.9	7.4
652	419	Lydenburg 12½c	580		Q72c	1.0	4.3
790	500	Rus. Plat. 10c	640		†Q90c	1.4	4.6

Central African

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
205	155	Falcon 250c	190		†Q100c	2.5	21.9
16	10	Wankie Col. Z$1	24		♦05c	3.6	14.8
16	12	Zam Cpr. SBD0.24	12		—	—	—

Finance

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
91	65	Alex Corp SA $1.50	65		07.5c	4.4	7.9
£15	775	Ang. Am. Coal 50c	775		†Q195c	3.1	8.2
110¼	735	Anglo Amer. 10c	818		0156c	2.0	5.4
£57⅞	£38⅛	Ang. Am. Gold R1	£45		01450c	1.1	10.4
£40	£24	Anglovaal 50c	£30		†Q360c	2.9	5.6
22	11	♣Clogau Gold 10p	15½		—	—	—
123	80	♦Com. Alex Corp	88		N05½c	—	2.2
537	435	Cons. Gold Fields	463	−2	24.5	1.4	7.5
66	34	East Rand Con. 5p	43xd		1.0	2.1	3.3
820	600	Genbel R1	600		†Q170c	1.1	9.2
£10	590	Gencor 40c	825		Q195c	2.2	8.0
33	18	Gold & Base 12½p	30	+5	—	—	—
975	700	Gold Fields S.A. 5c	725	+25	†Q120c	2.0	5.4
£81	£49	Jo'burg Cons. R2	£65		Q875c	2.2	4.4
900	530	Middle Wit 25c	750		†Q105c	1.5	4.5
660	545	Minorco $BD1.40	570		022c	1.2	2.6
575	300	New Wits 50c	350		†070c	1.6	6.5
£22¼	£15⅝	OFS Invs 1c	£16½	+½	Z0417c	—	8.8

Australians

Tins

Miscellaneous

1986 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
42	26	Anglo Utd Dev	33	+1			
80	45	♥Colby Res Corp	45		—	—	—
300	200	Cons. Murch 10c	230		Q80c	3.9	‡
34	20	♣Emess Inv Ir10p	33		—	—	—
101	70	Greenwich Res	90	−5	—	—	—
143	93	Hampton Areas 10p	110	−2	3.75	0.9	4.6
245	165	♥Highwood Res	220	−12	—	—	—
£19⅝	£13½	Homestake Mining $1	£13½	−⅛	Q20c	—	1.0
310	180	♥McFinley Red Lake	200	+5	—	—	—
285	200	♥Murchison Explorations	200	−5	—	—	—
51	40	♥New Sabina Res C$1	40		—	—	—
260	210	Northgate C$1	210		—	—	—
790	511	RTZ	662	−8	22.0	2.8	4.0
£164	£115	Do. 9¼pcLn 95-2000	£141	−1	Q9¼%	15.5	6.9
950	800	♥Tara Expln $1	884		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax free to non-residents on application
- ● Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- †† Dealt in under Rule 535(3)
- ‖ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☒ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- n No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	123	.....	Fin. 13% 97/02	£127	.....
Craig & Rose £1	£13	.....	Arnotts	320	.....
Finlay Pkg. 5p	46	.....	CPI Hldgs.	55	−5
Holt (Jos) 25p	780	..	Carroll Inds.	189	−1
IoM Stm. £1	90	−2	Dublin Gas	53	.....
			Hall (R. & H.)	67	+2
IRISH			Heiton Hldgs.	29½	.....
Fund 11¾% 1988	£104	.....	Irish Ropes	87	.....
Nat. 9¾% 84/89	£102	.....	Unidare	196	.....

"Recent Issues" and "Rights" Page 42
(International Edition Page 44)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 28	May 6	May 9	May 19
May 12	May 29	May 30	June 9
June 2	June 12	June 13	June 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Summit outcome fails to inspire bond and share markets

The prospect of lower interest rates worldwide failed to enthuse London stock markets which re-opened for business yesterday after Monday's Bank Holiday. Government bonds resumed on a firmer note but the trend owed more to the overnight buoyancy of US bonds than the outcome of the economic summit meeting in Tokyo.

Investors noted the dollar's continued weakness against other major currencies, particularly the yen, which it is hoped will trigger a chain-reaction of cuts in international interest rates. Institutional buyers, however, preferred to withhold funds until the conclusion of this week's much-publicised US Treasury bill auctions.

Longer-dated Gilts held gains of ¼ or so, although trade was generally light, awaiting the 2.30 pm announcement of last month's banking statistics. The rise of 3 to 3¼ per cent in sterling M3, after seasonal adjustments, was disappointing and slightly above the most pessimistic forecasts. Prices then slipped back from the highest and in the after-hours' business few longs were showing rises in excess of ⅛.

Index-linked stocks went higher despite broking house predictions of the rate of inflation falling to less than 2 per cent next year, while shorter conventional maturities improved $\frac{1}{16}$ in places.

Leading shares were also guided by American influences. Monday's recovery on Wall Street prompted an early mark-up in prices but demand was insufficient to maintain the enhanced levels. The majority of blue chip issues came back and uncertainty developed on revived speculation that market resources could soon be tested by further large fund-raising exercises.

Tomorrow's two by-elections and local council elections were other talking points and interest was channelled away from leading equities to special situation stocks. Many takeover issues, real or imaginary, prospered along with most weekend Press recommendations. The broader trend, however, saw the FT Ordinary share index lose an initial gain of some 6 points to close a net 14.4 lower on the session at 1,368.5.

China's agreement to negotiate on outstanding bond claims touched off a flurry of interest for quoted stocks. The 5 per cent 1925 Boxer was popular and rose 4 points to £14, while the 4½ per cent 1898 issue gained 3 points to £24.

Dress designer and manufacturer Frank Usher made a quiet debut in the Unlisted Securities Market, the shares fluctuating narrowly around the placing price of 100p prior to settling at 103p.

Boddingtons continued firmly in Breweries, rising 5 more to 145p in response to Press comment.

Leading Buildings made a promising start, but drifted back in the absence of follow-through demand to close lower on balance. Barrett Developments shed 6 to 150p, as did Magnet and Southerns, at 174p, the latter following cautious Press comment. Redland were finally 4 cheaper at 424p and AMEC 3 off at 276p. Adverse Press comment prompted selling of Henderson Group which dipped 14 to 223p, while occasional offerings left Holical Bar 9 lower at 167p. Against the trend, Countryside moved up 5 to 410p, while Galliford, reflecting late support, closed 2 dearer at 90p, after 86p.

After Friday's rise of 17 on currency influences, ICI improved afresh to 947p before easing back to close 3 cheaper on the day at 941p. Elsewhere in the Chemical sector, Sutcliffe Speakman gained 2 to 61p in reply to a newsletter recommendation, while Coates Brothers "A" attracted scattered support and firmed 6 to 136p. Buyers also favoured Anchor which rose 9 to 214p, but Rentokil lost a penny at 145p despite the chairman's optimistic statement at the annual meeting.

H. Samuel soar

Jewellery concern H. Samuel highlighted the Stores sector, jumping 65 to 270p and the "A" 29 to 116p on the surprise announcement that Ratners had acquired a 27.7 per cent stake in the company at 225p per share and intends to make a general offer for the remaining shares at a similar price; Ratners put on 3 at 161p. Asprey added 10 to 610p and Ernest Jones gained 4 at 86p in sympathy. Elsewhere, Empire continued to reflect talk of a possible bid from Fine Art Developments and rose 7 more at 212p, after 213p; FAD eased a few pence to 145p. An investment recommendation helped Bolton Textile improve a few pence to 28p, after 32p, while speculative buying lifted Cantors "A" 6 to 162p. Hollas Group rose 4 to 43p, but Bentalls lost 17 more to 163p following Friday's revelation that Capital and Counties would not be proceeding with a bid for the Kingston department store group. Profit-taking in the wake of the results left Lee Cooper 4 down at 171p, while W. H. Smith "A" relinquished 6 at 310p. The leaders closed around the lowest levels of the day with Burton 10 down at 306p and Woolworth, currently in receipt of an unwelcome bid from Dixons, 15 off at 835p. Gussies "A" lost ¼ at £10¼, but Marks and Spencer only eased the turn to 211p; the latter's preliminary results are scheduled for tomorrow.

Leading Electricals took on a distinctly dull appearance with quotations falling away on occasional selling and the absence of support. Losses of 8 were recorded in British Telecom, 228p, and Plessey, 226p, while Cable and Wireless dipped 27 to 655p and Thorn EMI eased 10 to 494p. Racal, in contrast, managed a gain of a couple of pence at 226p following favourable weekend Press mention. MK Electric, a recent bid favourite, reacted 18 to 405p, while late offerings prompted a fall of 30 to 492p in Amstrad. Reports of a large share placing—some 18.9m shares—left Chloride 5 lower at 51p. Circaprint, on the other hand, improved 10 to 115p following satisfactory half-year figures.

With the exception of Vickers, down 10 at 475p, falls in the Engineering leaders were limited to a few pence. Elsewhere, weekend Press mention stimulated demand for Mitchell Somers which closed 9 higher at 119p. Glynwed, also reflecting newspaper comment, improved 5 to 417p. Speculative demand left TI 11 up at 579p and Habit Precision 5 to the good at 92p. Fading bid hopes, however, prompted a reaction of 9 to 273p in Simon Engineering, while Pegler Hattersley ran back 12 to 610p awaiting further takeover developments.

Against the trend in a quietly dull Food sector, United Biscuits attracted buyers on revived bid hopes and touched 248p prior to closing 7 higher at 245p; the warrants were also a better market and finished 5 up at 110p, after 112p. Elsewhere, Rowntree Mackintosh, a good market recently on takeover hopes, shed 10 to 530p in the absence of any developments, while Cadbury Schweppes slipped 3 to 177p.

Publicity given to a broker's sell recommendation depressed Ladbroke which fell away to close 10 down on the day at 332p. Trusthouse Forte were finally 4 cheaper at 168p, while Grand Metropolitan, a firm market in the latter half of last week reflecting rumours of the sale of its US tobacco subsidiary Liggett and Myers, came back 5 to 415p. Elsewhere in the Hotel sector, Garfunkels revived with a gain of 6 at 138p.

Glaxo down

Leading miscellaneous industrials opened on a bright note before drifting lower for want of support. Final losses were usually limited to a few pence, but Glaxo fell 25 to 945p and recent speculative favourite Boots gave up 5 to 267p. Trafalgar House, awaiting today's interim figures, eased 6 to 302p. Elsewhere, week-end Press mention left Manchester Ship Canal 28 higher at 658p and Blue Arrow 23 to the good at 373p. Park Place advanced 48 to 308p in response to news of the bid approach, while a newsletter recommendation prompted a rise of 12 to 182p in Stainless Metalcraft. Rotaprint, still reflecting the recent refinancing proposals, put on 2½ more to 8½p, but Pritchard Services fell 3 to 66p on the reduced annual dividend and profits. Longton Industrial were noteworthy for a gain of 10 at 195p, while Nu Swift Industries responded afresh to the recent preliminary figures with a further rise of 3 at 88p. Following further rejection of the Coloroll bid, Staffordshire Potteries eased a penny to 148p; the former closed 6 higher at 216p.

Renewed demand on consideration of the company's growth prospects boosted WSL 5 more to 156p. Elsewhere in the Leisure sector, USM-quoted Sangers Photographic firmed 3 to 123p, while Aspinall Holdings gained 8 to 146p on revived bid rumours.

Confirmation of a weekend Press report that the company is currently involved in merger discussions with Ted Bates of the US left Saatchi and Saatchi 20 down at 755p. Wace, on the other hand, added 4 at 55p following the preliminary figures, while revived takeover speculation prompted a gain of 8 to 173p in Good Relations and a rise of 6 to 94p in Hoggett Bowers. DRG gained 6 to 288p and Bunzl advanced 10 to 620p; the latter following acquisition details.

Leading Properties settled a few pence easier for choice following a quiet trade. MEPC drifted off to close 5 cheaper at 353p, while Samuel Properties, still awaiting news of the bid approach, finished 7 down at 250p. On the other hand, Great Portland Estates attracted occasional buying interest and hardened a couple of pence to 184p, after 186p, while Land Securities, annual results due on May 14, were steady at 318p. Elsewhere, Land Investors were unaltered at 73p following details of the agreed 76p per share cash offer from private concern BCPH. Profit-taking left Edmond Holdings 2½ cheaper at 23p, but Percy Bilton ended a shade dearer at 260p after revealing preliminary profits in line with market estimates. Mountview Estates found support at 600p, up 20 and Cardiff Property rose 10 to 250p.

John I. Jacobs, 5 up at 71p, provided an isolated firm feature in Shippings. P & O Deferred fell 11 to 560p.

Press speculation about a possible bid from Dawson International attracted investors to Parkland Textile "A" which advanced strongly to touch 159p before closing 15 higher on balance at 153p. Elsewhere, Courtaulds drifted 5 lower to 270p.

Aitken Hume gained 3 to 153p on Press comment, while Barrie Investment and Finance reflected takeover speculation with an improvement of a penny at 14p.

IC Gas firm

A steady performance by oil prices helped leading oils resist the general downturn in equity markets. BP and Shell initially edged higher before easing to close unchanged on balance at 555p and 740p respectively.

Second-liners were highlighted by IC Gas which rose sharply to touch 383p prior to closing a net 9 firmer at 381p on revived takeover hopes. Favourable comment in the weekend Press prompted support for Goal Petroleum, which ended the session 4 better at 38p, after 40p, while the call by the board of Petranol for shareholders to reject the bid from Inoco saw Petranol retreat 7 to 60p. Inoco eased 2 to 37p.

Tozer Kemsley, the current favourite in the Overseas Traders sector, staged another spectacular advance on talk of further acquisitions and touched a record 228p before easing on profit-taking to close a net 30 higher at 216p. Kenning Motor recorded a sympathetic rise of 47 at 330p. Elsewhere Polly Peck edged up 3 to 170p, and Harrisons Crosfield put on 5 to 368p.

Interest in mining markets remained at a low level but South African gold and related issues managed to record minor gains for the third successive trading day following renewed bear closing.

Bullion failed to give much of a lead to Golds and drifted for much of the session prior to closing a net $2.5 off at $340.75.

The Gold Mines index rose a further 3.6 to 256.4, for a three-day improvement of 12.2.

Press comment on the improved outlook for diamond producers prompted good London and overseas support for De Beers which advanced 12 to 468p.

Australians provided an outstanding feature in Bond Corporation which surged ahead to close a further 18 up at a record 207p following comment on the sale for £175m of SScreen Entertainment to America's Cannon Group; over the past three trading days Bond shares have risen 37.

Among the junior exploration issues Westmex soared 50 to 118p in the wake of a similar move in overnight domestic markets following news of the proposed one-for-two rights issue at A$1 to raise around A$19.5m.

Traded Options

A mundane post-holiday session in Traded Options saw 13,018 contracts completed, comprising 8,391 calls and 4,627 puts, making it the quietest day for over a month.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 6	May 16	Aug 7	Aug 18
May 19	June 6	Aug 28	Sept 8
June 9	June 20	Sept 11	Sept 22

For rate indications see end of Unit Trust Service

Stocks to attract money for the call included Lasmo, Raine Industries, Conway Petroleum, Eglinton, BSG Group, Chinese 4½ per cent 1898, Chinese 5 per cent 1912, Chinese Boxer, Equity and Law, A. Fisher, STC, Premier Consolidated, Coln Industries, Trusthouse Forte, Barratt Developments, Rotaprint, Ladbroke, Blacks Leisure and Aitken Hume, Martin Ford were dealt in for the put, while double options were arranged in Ultramar and Blacks Leisure.

FINANCIAL TIMES STOCK INDICES

	May 06	May 2	May 1	Apr. 30	Apr. 29	Apr. 28	year ago
Government Secs...	26.05	22.79	03.09	03.33	96.32	99.83	80.56
Fixed Interest	96.61	96.78	96.59	97.19	05.99	26.73	85.70
Ordinary ♥	1368.5	1382.0	1374.0	1394.8	1621.2	1363.6	865.2
Gold Mines........	256.4	230.8	260.9	244.9	247.8	063.7	470.4
Ord. Div. Yield......	3.03	6.21	3.94	3.88	3.80	6.03	4.63
Earnings, Yld. %(full)	0.27	2.78	0.86	8.66	2.62	2.72	11.63
P/E Ratio (net) (*)...	19.51	19.49	19.40	18.68	12.74	10.32	10.47
Total bargains (Est.)	23,874	26,186	25,889	55,682	22,076	33,088	96,550
Equity turnover £m.	—	366.34	660.72	739.59	732.23	564.22	361.66
Equity bargains......	—	23,800	25,782	26,768	22,952	07,55	20,064
Shares traded (ml)..	—	240.7	288.4	325.8	316.6	953.4	176.6

♠ Opening —, 10 am 1384.8, 11 am 1376.5, Noon 1374.6, 1 pm 1375.0, 2 pm 1373.9, 3 pm 1371.3, 4 pm 1369.3. Day's High 1389.1. Day's Low 1368.2. Basis 100 Government Securities 15/10/26. Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/6/55. Activity 1974. Latest Index 01-246 8026. * Nil=11.95.

HIGHS AND LOWS

—	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.31 (16/4)	80.32 (20/1)	127.4 (9/1/35)	49.12 (5/1/75)
Fixed Int...	87.31 (22/4)	86.56 (23/1)	150.4 (28/11/47)	60.33 (3/1/75)
Ordinary...	1425.0 (3/4)	1094.6 (14/1)	1423.2 (3/4/86)	40.4 (26/6/40)
Gold Mines	667.0 (27/1)	244.8 (30/4)	734.7 (15/2/85)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	May 5	May 1
Daily		
Gilt Edged Bargains....	106.6	123.8
Equities Bargains....	154.0	167.0
Value.........	1144.7	1313.3
5-day Average		
Gilt Edged Bargains....	143.4	147.5
Equities Bargains....	175.3	165.0
Value.........	1323.7	1421.5

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Bentalls	163	−17
Boots	267	− 5
Cable & Wireless	665	−27
Jaguar	496	+ 3
Kenning Motor	330	+47
Ladbroke	332	−10
Parkland Text. A	153	+15
Park Place	308	+48
Saatchi & Saatchi ...	755	−20
Samuel (H.) A	116	+29
Sutcliffe Speakman ...	61	+ 2
Tozer Kemsley	216	+30

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

Renunciation date usually last day for dealing free of stamp duty. e Figures based on prospectus estimates. g Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. t Indicated dividend: cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ✱ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (136)

CORPORATION LOANS (1). FOREIGN BONDS (1). AMERICANS (1). CANADIANS (1). BANKS (4). BREWERS (1). BUILDINGS (6). CHEMICALS (2). STORES (11). ELECTRICALS (11). ENGINEERING (8). FOODS (1). INDUSTRIALS (30). INSURANCE (5). LEISURE (2). MOTORS (2). NEWSPAPERS (1). PAPER (4). PROPERTY (10). SHIPPING (1). TEXTILES (1). TRUSTS (28). OILS (1). OVERSEAS TRADERS (2). MINES (7).

NEW LOWS (24)

AMERICANS (4) Alcoa, Contl. Illinois Corpn., Damson Oil, GATX. CANADIANS (1) Goliath Gold Mines. BUILDINGS (1) Intnl. Amco Corpn. ELECTRICALS (1) United Scientific. ENGINEERING (1) Bailey (C. H.). INDUSTRIALS (1) Restmor. INSURANCE (1) London and Manchester Grp. LEISURE (1) SeaCo Inc. SOUTH AFRICANS (7) New Klein Properties. TRUSTS (3) Channel Islands Inc., China and Eastern Inv., Independent Inv. OILS (5) Bridge Oil, Dorset Resources, Enterprise Oil, Petrocon, Sun (UK) Royalty. MINES (4) GM Kalgoorlie, Metana Minerals, Homestake Mining, Mixto Explorations.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	98	7	13
Corpns Dom & Foreign Bonds ...	18	18	34
Industrials	289	337	871
Financial & Props	154	96	326
Oils	24	26	70
Plantations	—	2	73
Mines	34	25	120
Others	74	67	66
Totals	691	572	7,513

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 27,355

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

May 6 Total contracts 13,081 Calls 8,321 Puts 4,627 *Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

May 6	Price Sch.	+ or −
Credit'stalt pp	2,610	-40
Goesser	3,600	-50
Interunfall	14,900	-400
Jungbunzlauer	20,500	-100
Laenderbank	2,460	+10
Perlmooser	735	-15
Steyer-Daimler	182	+2
Veitscher Mag.	11,340	-120

BELGIUM/LUXEMBOURG

May 6	Price Frs.	+ or −
B.B.L.	5,150	+50
Banq. Gen. Lux	15,600	—
Banq. Int. A. Lux	16,500	
Bekaert	13,100	-4
Ciment CBR	3,995	+15
Cockerill	155	+4
Delhaize	12,000	
EBES	4,800	-140
Electrobel	15,000	+150
Fabrique Nat.	2,520	+120
GB Inno BM	7,240	+120
GBL (Brux)	3,470	+180
Generale Bank	6,450	-60
Gevaert	6,260	
Hoboken	7,400	-20
Intcroom	3,916	+25
Kredietbank	15,200	+25
Pan Hldgs	10,950	+100
Petrofina	7,670	+140
Royale Belge	24,000	200
Soc. Gen. Belge	5,080	
Sofina	10,450	-325
Solvay	8,430	+140
Stanwick Intl	460	
Tractionel	5,690	+90
UCB	7,050	+60
Wagon Lits	6,920	-30

DENMARK

May 6	Price Knr %	+ or −
Andelsbanken	370	-9
Baltica Skand	640	-35
CopHandelsbank	294	-11
D. Sukkerfab	400	-20
Danske Bank	342	-12
De Danske Luft	1,740	-30
East Asiatic	256	-11
Forenede Brygg	1,160	-30
Forenede Damp	218	-11
GNT Hldg	505	-35
I.S.S.B.	770	-15
Jyske Bank	605	-15
Novo Inds	251	+1
Privatbanken	269	-10
Provinsbanken	564	-10
Smidth (F.L.) B	501	-15
Sophus Berend	950	-25
Superfos	270	-10

FRANCE

May 6	Price Frs.	+ or −
Emprunt 4½% 1973	1,620	
Emprunt 7% 1973	7,610	+50
Accor	484	+15
Air Liquide	859	+14
BIC	664	+20
Bongrain	2,120	+70
Bouygues	1,180	+8
BSN Gervais	5,938	+118
CIT Alcatel	2,350	+30
Carrefour	3,890	+46
Club Mediter'n	555	+4
Cie Bancaire	1,836	+20
Cofimeg	442	-5
Damart	1,900	-23
Darty	3,000	+21
Dumez S.A.	1,401	-8
Eaux (Cie Gen)	1,636	+46
Elf-Aquitaine	559	-1
Essilor	2,620	+110
Gen. Occidentale	966	+6
Imetal	94.6	+5
LaFarge-Coppee	1,525	+35
L'Oreal	5,601	+129
Legrand	4,050	+51
Maisons Phenix	308.6	+8.4
Matra S.A.	2,550	+120
Michelin B	5,290	+90
Midi (Cie)	6,590	+210
Moet-Hennessy	2,550	+100
Moulinex	94	+4
Nord Est	238.5	+1.2
Pernod Ricard	1,229	+24
Perrier	730	+26
Petroles Fra.	390	+1
Peugeot S.A.	1,115	+40
Printemps (Au)	731	+14
Radiotech	855	+35
Redoute	1,865	+25
Roussel-Uclaf	1,686	-16
Sefimeg	670	+44
Skis Rossignol	1,399	+8
Telemac (Elect)	3,620	+160
Thomson CSF	1,360	+63
Valeo	619	+18

GERMANY

May 5	Price Dm.	+ or −
AEG	360	+5.5
Allianz Vers	2,600	+480
BASF	304.5	+1
Bayer	300	+4
Bayern Hypo	659	-11
Bayer-Verein	572	-2
BHF Bank	544	-5
BMW	679	-5
Brown Boveri	517	+1
Commerzbank	344	+2
Cont. Gummi	237.7	+7.2
Daimler Benz	1,445	+22
Degussa	490	+3
D'sche Babcock	213	-2.5
Deutsche Bank	862	+20
Dresdner Bank	459xr	+8.8
GHH	248.5	+3.5
Henkel	427.5	+6.5
Hochtief	945	+20
Hoechst	289.9xr	+4.4
Hoesch Werke	188	-0.8
Holzmann (P)	692	+2
Horten	808	+22
Hussel	503	
Karstadt	348	+9
Kaufhof	465.2	+4.2
KHD	274	+14
Kloeckner	97.6	+1.8
Linde	729	-16
Lufthansa	254	+9
MAN	206.5	-1
Mannesmann	229.5	+4
Mercedes Hld.	1,260	+15
Metallgesell	350	+6
Muench Rueck	3,360	-100
Nixdorf	628	+5
Porsche	1,115	-5
Preussag	219	-2
Rhein West Elect	255.2	+2.2
Rosenthal	385	-4
Schering	541	-4
Siemens	652.8	+12.0
Thyssen	170.7	+5.7
Varta	336	-18
Veba	328	+5
V.E.W.	186	+1
Verein-West	513	
Volkswagen	625.5	+11

ITALY

May 6	Price Lira	+ or −
Banca Com'le	30,550	+550
Bastogi IRBS	751	-39
Centrale	4,283	-27
C.I.R.	12,100	+100
Credito Italiano	3,889	+78
Fiat	15,905	+906
Generali(Assicur)	143,200	+600
Italcementi	69,000	+1200
La Rinascente	1,339	+39
Montedison	4,619	-4
Olivetti	18,240	+150
Pirelli Co	8,460	+270
Pirelli Spa	6,199	+189
Saipem	6,648	+348
Snia BPD	7,445	-3
Toro Assic.	51,430	+530

NETHERLANDS

May 6	Price Fls	+ or −
ACF Holding	295	
AEGON	107.3	+2.4
Ahold	79.3	+5.1
AKZO	161.2	+1.3
ABN	565.5	+4
AMEV	72.9	+1
AMRO	99.8	+0.6
Bredero Cert	212.6	+2.6
Bos Kalis Westm.	16.4	
Buehrmann Tet.	157.5	-1.5
Calland Hldgs	17.8	+0.1
DordtschePet'm	183	+5.5
Elsevier-NDU	190	+4
Fokker	89	
Gist-Brocades	271.5	+4.6
Heineken	157.5xd	
Hoogovens	107.4	+1.4
Hunter Doug.N/V	60.6	-0.1
Int-Mueller	74	-0.6
KLM	48.5	+1
KNP	138.5	+4.2
Naarden	50	-1
Nat Ned Cert	88.2	+1.5
Ned Mid Bank	193	+5
Nedlloyd	168	+1.5
Oce Grinten	454	+2
Ommeren (Van)	32.2	
Pakhoed	61.5	+0.8
Philips	61	+0.7
Robeco	92	+0.3
Rodamco	138.4	+0.1
Rolinco	85.7	+0.3
Rorento	50.4	
Royal Dutch	190.7	+2.7
Unilever	430.5	+4.6
VMF Stork	290	+6
VNU	291	+2
Wessanen	273	+5
West Utr Bank	60	

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Danish Kroner.

NORWAY

May 6	Price Kroner	+ or −
Bergens Bank	149	-1
Borregaard	335	-10.5
Christiania Bk.	153	-4
Den Norsk Credit	148.5	-0.5
Elkem	105	+1
Kosmos	143	2
Kvaerner	151	-2
Norcem	97	-5
Norsk Data	426	+6
Norsk Hydro	129.5	-2
Storebrand	217.3	-18

SPAIN

May 6	Price Pta %	+ or −
Bco Bilbao	675	+5
Bco Central	695	-10
Bco Exterior	440	-10
Bco Hispano	430	-5
Bco Popular	1,000	
Bco Santander	723	-5
Bco Vizcaya	1,315	+1
Dragados	429	-13
Hidrola	120	
Iberduero	161	
Petroleos	411	-19
Telefonica	225.5	+8.5

SWEDEN

May 6	Price Kroner	+ or −
AGA	202	+8
Alfa-Laval B	369	+2
ASEA (Free)	480	+15
Astra (Free)	570	
Atlas Copco	320	-8
Cardo (Free)	300	
Cellulosa	221	+4
Electrolux B	287	+5
Ericsson B	275	-2
Esselte	510	+5
Mo Och Domsjo	247	+6
Pharmacia	215	+5
Saab Scania Free	840	+5
Sandvik	850	+6
Skandia	460	+5
SKF	316	+8
Sonesson	185	+3
St. Kopparbergs	263	+2
Swedish Match	327	+2
Volvo B (Free)	383	-1

SWITZERLAND

May 6	Price Frs.	+ or −
Adia Intl	6,200	-25
Alusuisse	755	+5
Bank Leu	5,740	+40
Brown Boveri	2,175	+115
Ciba-Geigy	3,660	+50
do. (Part Certs)	2,670	+40
Credit Suisse	3,770	+10
Electrowatt	3,780	-20
Fischer (Geo)	1,615	-5
Hoff-Roche PtCts	116,500	
Hoff-Roche 1/10	11,676	+75
Jacobs Suchard	7,675	+25
Jelmoli	5,425	+85
Landis & Gyr	1,890	-10
Nestle	8,875	-26
Oer-Buehrle	1,950	
Pirelli	466	+12
Sandoz (Br)	13,200	-175
Sandoz (Pt Cts)	1,960	+6
Schindler (PtCts)	000	
Sika	1,700	
Surveillance A	6,750	+50
Swissair	1,790	-20
Swiss Bank	676	+1
Swiss Reinsce	18,700	-300
Swiss Volksbk	2,626	-5
Union Bank	5,465	+30
Winterthur	6,350	
Zurich Ins	8,500	+160

AUSTRALIA

May 6	Price Aust $	+ or −
ACI Intl	3.62	
Adelaide Steams	14.4	-0.1
Amcor	3.75	+0.05
ANZ Group	6.16	+0.04
Ampol Pet	2.4	
Ashton	1.62	-0.04
Aust. Guarantee	3.45	
Aust. Nat. Inds	5.4	+0.05
Bell Group	8.64	+0.04
Bell Res.	4.5xr	+0.05
Bond Corp Hldgs	4.28	-0.02
Boral	4.85	-0.05
Bougainville	2.55	+0.05
Brambles Inds	6.86	
Bridge Oil	1.38	
B. H. Prop.	7.56xd	-0.06
Burns Philp	7.5	+0.5
CRA	6.3	+0.18
CSR	3.24	-0.01
Chase Corp.	3.1	+0.6
Claremont Pet	0.95	
Coles-Meyer	6.1	+0.04
Comalco "A"	2.5	-0.05
Consolidated Pet	0.14	
Costain Aust	2.3	
Elders IXL	4.45	+0.05
Energy Res	1.68	+0.04

AUSTRALIA (continued)

May 6	Price Aust.$	+ or −
Gen. Prop. Trust	2.77	+0.07
Hardie (James)	3.45	
Hartogen Energy	1.9	+0.11
Herald W'y Times	6.7	+0.1
ICI Aust.	2.65	+0.05
Jimberlana F.P.	0.19	
Kia Ora Gold	0.15	
Kidston Gold	5.6	
Lend Lease	9.64	+0.14
MIM	2.3	-0.05
Mayne Nickless	5.4	
Nat. Aust. Bank	6.26	-0.02
News	24.5	+2.5
Nicholas Kiwi	3.48	-0.15
Norande P. (P-pd)	0.84	-0.01
North Bkn Hill	1.05	-0.07
Oakbridge	0.88	-0.01
Pacific Dunlop	3.98	+0.04
Pancontinental	1.7	-0.15
Pioneer Conc.	2.85	
Poseidon	2.62	-0.03
Queensland Coal	1.4	-0.01
Reckitt & Colman	4.55	
Repco	2.1	+0.05
Santos	3.8	+0.07
Smith (Howard)	4.60	
Thos. Natwide	3.85	+0.05
Tooth	6.3	
Vamgas	2.10	
Western Mining	3.28	-0.02
Westpac Bank	5.96	
Woodside Petrol	0.05	-0.01
Woolworths	8.4	
Wormald Intl	4.7	+0.35

HONG KONG

May 6	Price H.K.$	+ or −
Bank East Asia	12.9	
Cheung Kong	21.8	+0.02
China Light	16.9	+0.2
Evergo	0.64	
Hang Seng Bank	45.75xd	+0.5
Henderson Land	2.12	
HK China Gas	14.6	+0.1
HK Electric	9.2	+0.05
HK Kowloon Wh.	7.4	+0.05
HK Land	6.6	
HK Shanghai Bk	7.1xa	+0.05
HK Telephone	11.4	+0.1
Hutchison Wpa	30.75	+0.25
Intnl City	0.97	
Jardine Meth	13.4	-0.1
New World Dev	5.6	+0.1
Orient O'seas	1.99	
SHK Props	12.7	+0.1
Shell Elect	0.05	-0.01
Swire Pac A	13.7xa	+0.3
TV-B	6.5	-0.05
Windsor Inds	0.04	
World Int Hldgs	2.5	+0.3

JAPAN

May 6	Price Yen	+ or −
Ajinomoto	1,580	-20
All Nippon Air	855	+10
Alps Electric	2,020	-70
Asahi Chem	826	+1
Asahi Glass	1,210	-30
Bank Tokyo	785	+10
Bridgestone	620	-10
Brother Inds	621	-2
Canon	1,140	-10
Casio Comp	1,650	-80
Chugai Pharm.	1,230	-30
Daiei	1,820	+10
Dai-Ichi Kan. B	1,500	+10
Dai Nippon Ink	466	+13
Dai Nippon Ptg	1,280	+10
Daiwa House	1,490	+40
Daiwa Sec.	1,370	
Eisai	1,570	-60
Fanuc	7,240	-100
Fuji Bank	1,500	+10
Fuji Film	2,290	-90
Fujisawa	1,250	-10
Fujitsu	1,030	-30
Furukawa Elect.	591	-5
Green Cross	2,410	-10
Heiwa Real Est	969	+39
Hitachi	904	-26
Hitachi Credit	1,400	-20
Honda	1,190	-20
Indl. Bk. Japan	1,450	+40
Ishikawajima Hr.	198	+10
Isuzu Motors	848	+20
Itoh (C)	458	+5
Ito-Yokado	3,880	+30
JAL	9,390	
Jusco	1,470	-80
Kajima	785	+44
Kao Soap	1,500	+30
Kawasaki Steel	155	
Kirin	1,200	-10
Kobe Steel	180	+5
Komatsu	473	+5
Konishiroku	720	-5
Kubota	343	-1
Kumagai	859	+21
Kyocera	4,560	-40
Marubeni	328	
Marui	2,460	+70
Mazda Motors	401	-6
Meiji Seika	752	+23
MEI	1,530	-70
M'bishi Bank	1,490	+50
M'bishi Chem	671	+1
M'bishi Corp	714	-11
M'bishi Elect	552	-10
M'bishi Estate	1,840	+10

JAPAN (continued)

May 2	Price Yen	+ or −
MHI	390	+1
Mitsui Bank	1,050	-10
Mitsui Co.	446	+4
Mitsui Estate	1,660	-40
Mitsui Toatsu	345	-3
Mitsukoshi	931	-41
NGK Insulators	1,060	-10
Nikko Sec.	953	-6
Nippon Denso	1,450	-40
Nippon Elect	1,490	-70
Nippon Express	804	-18
Nippon Gakki	1,470	-90
Nippon Kogaku	1,140	-30
Nippon Kokan	135	+1
Nippon Oil	1,180	-10
Nippon Seiko	551	-16
Nippon Shimpan	1,080	+60
Nippon Steel	167	+2
Nippon Suisan	390	+2
Nippon Yusen	325	-19
Nissan Motor	553	-19
Nisshin Flour	649	-2
Nomura	1,910	+30
Olympus	1,190	-70
Onoda Cement	435	-14
Orient Finance	1,070	-10
Orient Leasing	3,400	-50
Pioneer	2,300	-30
Ricoh	950	-20
Sankyo	1,420	
Sanwa Bank	1,280	-20
Sanyo Elect.	450	+3
Sapporo	007	-5
Sekisui Prefab	1,240	-60
Seven Eleven	7,640	+90
Sharp	970	-25
Shimizu Constn	613	-4
Shionogi	1,010	-10
Shiseido	1,880	-20
Showa Denko	279	+12
Sony	3,770	-60
Sumitomo Bank	1,660	+60
S'tomo Chem.	320	+5
S'tomo Corp.	755	
S'tomo Elect	1,110	-20
S'tomo Metal	142	+1
Taisei Corp	500	+20
Taisho Marine	690	+4
Taiyo Kobe Bk.	689	-1
Takeda	1,460	+30
TDK	4,190	-120
Teijin	603	-3
Tea Nairyo	1,320	+10
Tokai ex	970	
Tokio Marine	1,160	+40
Tokyo Elect. Pwr	5,880	-20
Tokyo Gas	395	+3
Tokyu Corp	631	-6
Toppan Print	1,320	+40
Toray	655	-8
Toshiba Elect	415	-17
Toyo Seikan	2,310	
Toyota Motor	1,540	-40
UBE Inds	287	-23
Victor	2,990	-70
Yamaha	720	-3
Yamaichi Sec	350	-7
Yamanouchi	3,280	-20
Yamazaki	1,280	+10
Yasuda Fire	640	+3

SINGAPORE

May 6	Price $	+ or −
Boustead Hldgs	0.86	
Cold Storage	2.65	
OBS	4.80	+0.04
Genting	5.5	+0.61
Haw Par. Bros	1.88	+0.05
Hong Leong Fin.	1.86	+0.07
Inchcape Bhd.	1.06	
Keppel Shipyard	0.88	+0.02
Malay Banking	3.30	+0.02
Malay Utd. Ind.	1.14	+0.01
Multi Purpose	0.35	-0.01
OCBC	6.05	+0.10
OUB	2.38	-0.04
Public Bank	0.83	+0.01
Sime Darby	1.11	-0.04
Singapore Air	6.36	
Singapore Press	6.00	+0.10
Straits Trading	1.94	
Tai Lee Bk	1.96	-0.08
UOB	5.04	+0.02

SOUTH AFRICA

May 6	Price Rand	+ or −
Abercom	1.97	+0.03
AE & CI	11	
Allied Tech	68	
Anglo Am. Coal	40.75	
Anglo Am. Corp.	42	
Anglo Am. Gold	229	+2
Barclays Bank	18.4	+0.15
Barlow Rand	15.55	+0.1
Buffels	69	+2
CNA Gallo	2.0	
Currie Finance	4.7	
De Beers	24.5	+1
Driefontein	53.5	+0.5
FS Cons.	36	+0.25
Gold Fields S.A.	35	
Highveld Steel	7	
Malcor	9.56	
Nedbank	6.15	-0.15
OK Bazaars	13.75	
Rembrandt	63	+0.5
Rust Plat.	51.5	+0.15
Safren	15.25	-0.25
Sage Hldgs	9.5	
S. A. Brews	9.6	+0.1
Smith (C.G.)	28.5	+0.5
Tongaat Hulettn	7.55	+0.05

CANADA

TORONTO
Prices at 2.30pm
May 6

Sales	Stock	High	Low	Close	Chng
1625	Can Oil	[illegible]	[illegible]	[illegible]	[illegible]
40700	Carma A	15	13	15	+1
1051	Celanese	[illegible]	[illegible]	[illegible]	[illegible]
6853	CenFd A	[illegible]	[illegible]	[illegible]	[illegible]
91967	Cent Tr	[illegible]	[illegible]	[illegible]	[illegible]
100	Chieftan	[illegible]	[illegible]	[illegible]	
5250	CHUM B 1	$56	55½	56	[illegible]
44203	Cominco	[illegible]	[illegible]	[illegible]	[illegible]
2300	Computing	$6	[illegible]	6	
18290	Inter Pipe	[illegible]	[illegible]	[illegible]	[illegible]
1484	Ipsco	[illegible]	[illegible]	[illegible]	[illegible]
10700	Ivaco A f	[illegible]	[illegible]	[illegible]	[illegible]
300	Ivaco B	[illegible]	[illegible]	[illegible]	
15452	Jannock	[illegible]	[illegible]	[illegible]	[illegible]
1152	Kerr Add	[illegible]	[illegible]	[illegible]	
8500	Labatt	$46	[illegible]	[illegible]	[illegible]
51300	LL Lac	[illegible]	[illegible]	[illegible]	[illegible]
1000	Lacana	[illegible]	[illegible]	[illegible]	[illegible]
5040	Roman	[illegible]	[illegible]	[illegible]	[illegible]
3450	Rothman	$39	[illegible]	39	[illegible]
61995	Royal Bnk	[illegible]	[illegible]	[illegible]	
4109	Ryltco A	[illegible]	[illegible]	[illegible]	[illegible]
24572	Royex	294	287	290	
1175	Sil. Cem A 1	[illegible]	35	[illegible]	[illegible]
1500	Sceptre	285	275	280	-5
1237	Scot Paper	[illegible]	31	31	[illegible]

F—No voting rights or restricted voting rights.

MONTREAL
Closing prices May 5

Sales	Stock	High	Low	Close	Chng
57331	Power Corp	[illegible]	36	[illegible]	[illegible]
30149	Provigo	[illegible]	[illegible]	[illegible]	[illegible]
8650	RollandA	[illegible]	30	[illegible]	[illegible]
630172	Royal Bank	[illegible]	[illegible]	[illegible]	
2100	RoyTrstco	[illegible]	[illegible]	34	[illegible]
834	SteinbrgA	$49	[illegible]	[illegible]	[illegible]

Total Sales 4,511,700 shares

Indices

NEW YORK—DOW JONES

	May 6	May 5	May 1	April 29	April 28	April 25	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	1,788.21*	1,793.77	1,777.78	1,825.89	1,843.75	1,835.57	1855.9 (21/4/86)	1502.29 (22/1/86)	1855.92 (21/4/86)	41.22 (2/7/32)
Transport	788.4*	792.44	791.85	807.41	815.26	810.97	830.84 (31/3/86)	686.97 (9/1/86)	830.84 (31/3/86)	12.32 (8/7/32)
Utilities	183.32*	183.58	179.71	182.85	185.58	186.70	193.73 (31/3/86)	169.47 (22/1/86)	193.73 (31/3/86)	10.5 (28/4/42)
Trading vol		102m	146m	149m	124m	—	—	—	—	—

	May 2	April 25	April 18	Year Ago (Approx)
Ind Div Yield %	3.57	3.55	3.54	4.9

STANDARD AND POORS

	May 6	May 5	May 1	April 30	April 29	April 28	1985/86 High	1985/86 Low	Since Compilation High	Since Compilation Low
Industrials	263.82*	265.18	262.26	262.64	268.32	271.87	271.68 (21/4/86)	224.88 (22/1)	271.68 (21/4/86)	3.62 (30/6/32)
Composite	236.5*	237.73	235.16	235.52	240.51	243.08	244.74 (21/4/86)	203.49 (22/1)	244.74 (21/4/86)	4.40 (1/6/32)

	May 2	April 23	April 16	Year Ago (Approx)
Ind div yield %	3.08	2.98	2.98	3.93
Ind. P/E Ratio	16.83	17.22	17.20	11.20
Long Gov Bond Yield	7.54	7.18	7.16	11.33

N.Y.S.E. ALL COMMON

May 6	May 5	May 1	April 30	1985 High	1985 Low
136.35*	136.91	135.48	135.75	141.27 (21/5/86)	117.75 (22/1)

RISES AND FALLS

	May 5	April 30	April 29
Issues traded	2,013	2,627	1,980
Rises	1,114	485	764
Falls	525	1,145	789
Unchanged	374	397	427

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day
Sperry CP	3,818,208	89⅞	+4⅛
Amer Elect	2,139,200	25⅞	-¼
Burroughs	1,473,506	63⅞	+3⅞
ATT	1,351,000	25¼	-⅜
IBM	1,145,100	154½	-1⅛
Navistar	1,124,000	10⅝	-⅛
Chevron Corp.	1,062,400	39⅞	-⅛
Sears Roe	931,200	44⅞	+⅜
Exxon	882,500	59½	+⅛
Revco D. S.	831,200	39¼	-⅜

Advances 797 Declines 717

TORONTO

	May 6	May 5	May 1	April 30	1985/86 High	1985/86 Low
Metals & Minls	2,100.5*	2,110.19	2,115.9	2,117.5	2,442.85 (21/3/86)	2,067.1 (2/1)
Composite	3,067.8*	3,068.2	3,067.5	3,078.2	3,129.11 (18/4/86)	2,754.6 (17/2)
MONTREAL Portfolio	1,570.82*	1,573.17	1,573.78	1,578.22	1,625.33 (10/4/86)	1,386.6 (22/1)

* Indicates pre-close figure

	May 6	May 5	May 2	May 1	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1258.8	1251.2	1224.7	1212.9	1258.5 (6/6)	1010.0 (2/1)
Metals & Minls. (1/1/80)	513.5	518.8	518.4	518.0	602.0 (24/3)	492.5 (2/1)
AUSTRIA						
Credit BK Aktien (2/1/62)	129.66	127.80	127.41	(c)	130.69 (25/4)	110.12 (5/3)
BELGIUM						
Brussels SE (1/1/80)	5667.50	5605.89	5585.51	(c)	5700.16 (24/4)	2766.91 (15/1)
DENMARK						
Copenhagen SE (3/1/85)	234.64	239.56	241.55	240.95	250.10 (18/4)	214.37 (21/1)
FRANCE						
CAC General (31/12/82)	401.3	395.8	388.10	(c)	404.8 (25/4)	261.8 (2/1)
Ind Tendance (31/12/85)	151.4	141.60	145.6	(c)	152.6 (25/4)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	698.41	692.77	705.38	(c)	753.88 (17/4)	618.54 (27/2)
Commerzbank (1/12/53)	2121.3	2109.0	2136.4	(c)	2278.0 (17/4)	1863.0 (27/2)
HONG KONG						
Hang Seng Bank (31/7/64)	1858.18	1842.44	1848.14	1848.65	1866.16 (6/5)	1558.94 (18/3)
ITALY						
Banca Comm Ital. (1972)	801.25	790.76	775.89	(c)	801.25 (6/5)	454.61 (24/1)
JAPAN**						
Nikkei (16/5/49)	15800.15	(c)	15860.M	15782.6	15900.15 (30/5)	12891.5 (21/1)
Tokyo SE New (4/1/68)	1253.28	(c)	1252.71	1248.45	1265.95 (31/3)	1025.85 (21/1)
NETHERLANDS						
ANP-CBS General (1970)	267.6	264.6	265.8	265.0	273.0 (17/4)	240.4 (3/6)
ANP-CBS Indust (1970)	256.8	253.4	253.9	253.7	259.7 (17/4)	234.0 (3/3)
NORWAY						
Oslo SE (4/1/83)	356.91	330.05	339.08	(c)	402.81 (16/1)	334.05 (29/4)
SINGAPORE						
Straits Times (30/12/66)	570.27	576.67	575.86	(c)	844.86 (8/1)	503.34 (20/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1183.2	1182.90	1160.0	1307.9 (27/1)	1109.1 (21/4)
JSE Indust (28/9/78)	—	1105.9	1104.40	1095.9	1203.1 (20/3)	1065.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	187.03	184.51	(c)	(c)	107.05 (6/5)	100.83 (6/1)
SWEDEN						
Jacobson & P (31/12/56)	2256.90	2207.46	(c)	(c)	2372.55 (22/4)	1725.57 (23/1)
SWITZERLAND						
Swiss BankCpn (31/12/58)	587.6	585.5	588.8	(c)	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	519.70	514.5	516.8	322.2 (21/4)	249.0 (25/1)

** Saturday April 26: Japan Nikkei 15,707.3. TSE 1,246.32.

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

OVER-THE-COUNTER *Nasdaq national market, 3pm prices*

Continued from Page 47

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
Petrite	1.12	5	27½	27½	27½	
Pharmct		5490	19⅝	17	18¼	-¼
PSFS	.15e	4541	11	10	10⅞	+¼
Reeves		223	[illegible]	[illegible]	[illegible]	[illegible]
RgcyEl	.20	x199	7¼	7	7	-¼
Regiss	.12	51	16	15¾	15¾	-¼
Reliab		20	7	7	7	
RpAuto	.16	19	9⅛	9⅛	9⅛	-⅛
RpHlth		373	17⅞	17¾	17¾	
Reuterl	.15e	86	17¾	17	17½	
ReutrH	.33e	584	42¾	42⅛	42¼	-½
ReyRys		180	30	29¾	30	
Rhodes	.32	145	25⅛	25⅝	25⅝	-⅝
Ribilm		372	9¾	9½	2½	-¼
RoadSv	1.10	1144	40½	40	40¾	
RobNug	.08	72	12⅛	12	12⅛	+⅛
RobVsn		43	10	9⅞	10	
Rouses	.60	8	31¾	31¼	31¼	
RoyPlm	1	8	9⅛	9⅛	9⅛	+¼
RoyRs		26	3⅛	2⅞	3⅛	+¼
RustPel		420	10	9½	9½	-¼
RyanFs		392	30¾	30½	30¾	
S S						
SAYInd		43	10¾	9¾	9¾	
SCI Sy		686	19⅛	18½	12	+¼

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
SEI		253	24½	24	24	-¼
SFE		16	7¾	7¾	7¾	-⅛
Salecds	.24	397	22⅝	22⅛	22⅝	+¼
Saleco	1.60	836	58¼	57¾	58	
Softech		68	11½	10⅞	11	-½
SoftwA		196	18¾	17¾	18¼	+¾
SonocPs	.80	74	39½	39	39½	+¼
SonrFd	.45e	220	10	9½	9½	+¼
SoHosp		64	5⅝	5⅛	5¼	+⅛
SthdFn	.52	53	19¼	19	12	-½
Soutrst	.68	40	24⅞	24⅝	24⅝	-⅛
Sovrgn	.10	350	8	7⅞	8	+⅛
Sovrene	1.28	1083	40⅛	39⅝	39⅞	+⅜
Specdy		25	29¼	28¾	29¼	
Spctran		162	9¼	8¼	8¼	-½
SpecCtl	.07	31	10⅛	10	10	
Spire		98	14½	14¼	18½	
StarSur		249	13¾	11½	11½	+⅛
StatBld	.20	187	11	10⅝	10⅝	-⅛
Standy	1.08	20	41¾	41¼	41¾	
StdMic		779	19¾	18½	18⅝	-⅛
Stanhm	1.58	100	42	41	41	
StaStBs	.84	353	53⅛	51⅝	51⅝	-1⅝
StateG	.05e	27	6⅞	6⅞	6⅞	+¼
Steiger		116	4⅞	4⅞	4⅞	
StewStv		70	15½	15¼	15¼	+⅛
Stwtv	.72	448	26	25⅞	25¾	
Stdel		461	10⅞	10	10⅞	+⅜
Stratus		543	23¼	22¾	23	
StrwCls	.84b	427	55¼	54½	54½	-1½
Strykrs		41	33½	32¾	33	

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
US Sur	.40e	428	24⅞	24⅞	24⅞	-¼
US Trs	1.32	8	58	58	58	
USIain	.24	903	21¾	21	21⅝	+⅛
UnTelev		89	29¼	29	29	-¼
UVaBs	1.64	210	60⅞	60	60⅝	+¼
UnvFrn		5	34½	34	34½	+¼
U U						
UBLIC	.80	e115	26⅜	26¼	26½	-⅛
UTL		664	22¾	21½	21¾	-¾
Ultrsy	.08e	133	11	10¾	10⅞	-⅛
Ungmn		1405	14½	14¾	14⅝	
Unifis		91	15¼	14¼	14¾	-⅜
UnPlntr		102	35	34½	35	+½
UACmo	.08	266	34½	33¾	34	
UBAlsk	1	27	8⅝	8⅛	8⅛	
UBCol	1.08	233	31¾	31¼	31¾	+⅛
UFnGrp		391	4½	4⅜	4½	
UFstFd	.20	124	33¼	33	33	-⅛
UGrdn	1.64t	40	10½	10⅛	10⅛	
UPresd		47	15⅛	14⅞	14⅞	
US Ant		158	2 9-16	2 7-16	2 7-16	-⅛
US Bcp	1	274	40⅝	40	40	-¼
US Cap		32	3	2⅞	3	
USDsgn		226	2¼	1⅞	2¼	+¼
US HltC	.12	1404	18⅛	17⅞	18⅛	+⅛
USShell	.12	5	4	3⅞	3⅞	-⅛

Stock	Div	Sales (Hnds)	High	Low	Last	Chng
WmsSn		21	23	23	23	+⅜
WilsnF		385	7½	7⅛	7½	+⅛
Windmr		274	6⅛	6	6⅛	+¼
WiserO	.40	53	15⅛	15	15⅛	
Woodnd	.60	3	13⅜	13⅜	13⅜	
Worthgs	.44	152	27¼	26⅞	27⅛	+⅛
Wuter	.15e	338	11¼	10¾	11	+¼
Wyman	.80	1055	24½	23⅞	24	+¼
X Y Z						
Xcbec		953	3 1-16	2¾	2 13-16	+⅛
Xicor		479	11⅛	10⅞	11	+⅛
Xidex		8301	21⅛	20	20⅞	+1
YlowFs	.54	449	35⅞	34⅞	35⅞	+⅛
Ziegler	.48	12	19¼	19	19	
ZionUt	1.36	10	56¼	56	56¼	+⅛
Zitel		62	5	4¾	5	+⅛
Ziyad		105	5⅜	5⅛	5⅜	
Zondvn		386	21¼	20⅞	21⅛	+⅛
Zymos		47	2⅞	2½	2½	-⅛

Prices at 3pm, May 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from Page 46

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		X Y Z								
72¼	45¼	Xerox	3	4.9	14	2848	60⅝	60	60⅝	+½
58¾	52¼	Xerox pf	5.45	9.4		2	58¼	58	58¼	+½
26¾	20⅝	XTRA	.64	2.6	20	112	25	24½	24¾	+⅜
		YorkIn n				593	14⅞	14⅝	14¾	
17	13½	ZaleCp	1.32	3.8	13	36	33½	33⅜	33½	+⅛
37	26¼	Zapata	.03j			147	4⅛	4	4	−⅛
14	3½	Zayre s	.64	.9	22	768	73⅜	72	72⅞	−⅞
50	47⅞	ZenithE				1161	28½	27⅞	29¼	−¼
29⅞	16¼	ZenLbs	.10t	.3	20	1808	30⅞	30⅛	30⅞	+¾
36⅝	17⅜	Zero s	.29	1.4		16	20⅜	20⅛	20⅜	
22⅝	14	Zurnin	1.32	5.2	15	134	41¾	41½	41⅝	+⅛
45¾	28⅜									

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 6

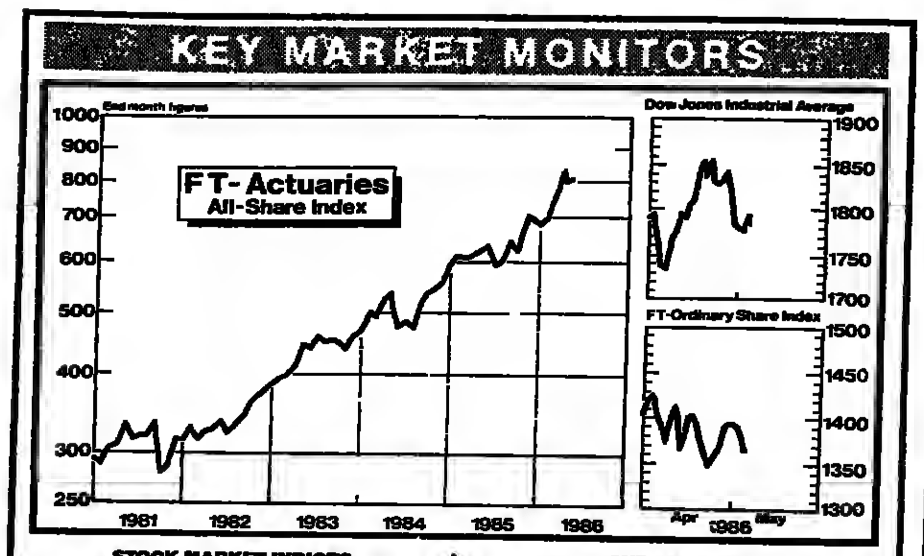
OVER-THE-COUNTER

Nasdaq national market, 3pm prices

Continued on Page 45

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

	May 6	Previous	Year ago
NEW YORK			
DJ Industrials	1,786.21*	1,774.68	1,247.79
DJ Transport	788.40*	786.56	587.36
DJ Utilities	183.32*	181.41	155.47
S&P Composite	236.5*	234.79	179.99
LONDON			
FT Ord	1,368.5	1,382.9	985.8
FT-SE 100	1,636.2	1,652.5	1,310.9
FT-A All-share	807.33	812.52	629.36
FT-A 500	882.82	890.11	690.13
FT Gold mines	256.4	252.8	470.4
FT-A Long gilt	8.96	9.01	10.8
TOKYO			
Nikkei	15,900.15	15,868.44	12,451.80
Tokyo SE	1,253.28	1,252.72	972.54
AUSTRALIA			
All Ord.	1,238.3	1,231.2	875.1
Metals & Mins.	513.5	518.9	554.0
AUSTRIA			
Credit Aktien	128.66	127.86	87.83
BELGIUM			
Belgian SE	3,637.39	3,605.69	2,205.19
CANADA			
Toronto			
Metals & Minls	2,100.5*	2,120.95	1,936.0
Composite	3,067.8*	3,078.0	2,615.0
Montreal			
Portfolio	1,570.02*	1,578.05	128.83
DENMARK			
SE	234.64	239.55	183.81
FRANCE			
CAC Gen	401.3	393.9	218.3
Ind. Tendance	151.40	147.60	76.76
WEST GERMANY			
FAZ-Aktien	698.41	692.77	423.77
Commerzbank	2,121.3	2,109.0	1,236.3
HONG KONG			
Hang Seng	1,858.16	1,842.44	1,596.43
ITALY			
Banca Comm.	801.25	790.76	281.19
NETHERLANDS			
ANP-CBS Gen	267.6	264.6	213.0
ANP-CBS Ind	255.8	253.4	173.1
NORWAY			
Oslo SE	336.91	338.05	326.28
SINGAPORE			
Straits Times	578.27	565.67	790.09
SOUTH AFRICA	May 6		
JSE Golds	–	1,183.2	1,025.4
JSE Industrials	–	1,103.9	894.4
SPAIN			
Madrid SE	187.83	184.51	81.12
SWEDEN			
J & P	2,235.98	2,207.45	1,441.04
SWITZERLAND			
Swiss Bank Ind	587.0	583.5	425.6
WORLD	May 5	Prev	Year ago
MS Capital Int'l	319.7	314.5	201.5

COMMODITIES

(London)	May 6	Prev
Silver (spot fixing)	336.40p	335.85p
Copper (cash)	£942.50	£948.50
Coffee (May)	£2,108.00	£2,205.00
Oil (Brent blend)	$13.575	$13.65

GOLD (par ounce)

	May 6	Prev
London	$340.75	$343.25
Zürich	$340.85	$343.25
Paris (fixing)	$340.86	$345.22
Luxembourg	$341.75	$343.20
New York (June)	$344.00	$344.20

CURRENCIES

(London)	US DOLLAR May 6	US DOLLAR Previous	STERLING May 6	STERLING Previous
$	–	–	1.534	1.522
DM	2.2075	2.214	3.3875	3.37
Yen	166.2	169.75	255.0	258.25
FFr	7.03	7.045	10.785	10.7225
SFr	1.8455	1.8525	2.8325	2.82
Guilder	2.489	2.486	3.8175	3.785
Lira	1,515.0	1,512.5	2,324.0	2,302.0
BFr	45.1	45.0	69.2	68.5
C$	1.3768	1.3775	2.1175	2.101

INTEREST RATES

	May 6	Prev
Euro-currencies (3-month offered rate)		
£	10½	10½
SFr	4⅛	4⅜
DM	4⅜	4¾
FFr	7¹¹⁄₁₆	8
FT London Interbank fixing (offered rate)		
3-month US$	6¹³⁄₁₆	8¹⁵⁄₁₆
6-month US$	6¹³⁄₁₆	8¹⁵⁄₁₆
US Fed Funds	6¹¹⁄₁₆*	6¾
US 3-month CDs	8.45*	8.62
US 3-month T-bills	6.055*	6.34

US BONDS

Treasury

		May 6* Price	May 6* Yield	Prev Price	Prev Yield
8⅝	1988	99²²⁄₃₂	6.795	99²⁰⁄₃₂	6.829
7⅞	1993	100¹⁹⁄₃₂	7.282	100¹⁹⁄₃₂	7.282
8⅞	1996	110	7.416	109³¹⁄₃₂	7.422
9¼	2016	120³¹⁄₃₂	7.48	120⁹⁄₃₂	7.533

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	May 6* Day's change	Yield	Day's change
1–30	151.7	–0.17	7.34	+0.03
1–10	143.77	–0.10	7.17	+0.03
1– 3	134.97	–0.02	6.92	+0.02
3– 5	145.91	–0.13	7.29	+0.03
15–30	180.19	–0.45	7.91	+0.03

Source: Merrill Lynch

Corporate	May 6 Price	May 6 Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	89.27	6.9	88⅞	7.0
SCBT South Central				
10⅞ Jan 1993	107	7.56	107	7.61
Phibro-Sal				
8 April 1996	99	6.14	98⅞	6.15
TRW				
8¾ March 1996	103.59	8.05	103⅞	8.25
Arco				
9⅞ March 2016	105½	9.22	106½	9.25
General Motors				
8⅛ April 2018	94½	8.64	94⅛	8.68
Citicorp				
9⅜ March 2018	99	9.47	94¾	9.5

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	100–13	101–06	100–09	100–29
US Treasury Bills (IMM)				
$1m points of 100%				
June	94.11	94.16	94.10	94.15
Certificates of Deposit (IMM)				
$1m points of 100%				
June	93.82	93.62	93.62	93.65
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	93.34	93.36	93.32	93.14
20-year Notional Gilt				
£50,000 32nds of 100%				
June	126–23	127–06	126–22	126–09

* Latest available figures

WALL STREET

Cautious response to Summit

FURTHER consideration of the Tokyo economic summit's accord on foreign exchange rates brought a more cautious response nn Wall Street yesterday *writes Terry Byland in New Ynrk.*

There was some scepticism towards the Group of Seven plan on monetary co-operation and also towards yesterday's firmness in the dollar.

Federal bonds turned down as the market moved into the first leg of the US Treasury's $27bn refunding programme and the equity market lost ground at mid-session.

By 2pm the Dow Jnnes industrial average was 7.58 lower at 1,788.21.

The NYSE active stocks list was dominated by Sperry and Burroughs. In beavy turnover, Sperry bounded ahead in response to the Burroughs $4.06bn bid offer, announced after NYSE trading hours on Monday.

Sperry was slnw to express an opinion and Wall Street arbitrageurs stockpiled more tban 7m Sperry sbares, taking the price up to $69¼. The gain of $4¼, measured against Monday's late gain in off-floor trading, left the stock only a whisker under the $70 a share in casb and paper offered by Burroughs.

The market action indicated hopes that Sperry will negotiate, perhaps pushing tbe bid terms higher. However, a gain of $4⅜ to $64⅞ in Burroughs, also beavily traded, suggests it is expected to emerge the winner, heading a new computer group second in size only to IBM.

IBM fell $1½ to $154⅛ in the face of the new, potential competitor, belping depress the Dow. Other blue chip issues were dull as firm crude oil futures kept investors subdued. But confidence in a further fall in the dollar and US interest rates, was undimmed by the Tokyo accord.

The planned Burroughs-Sperry merger reverberated througbout the computer sector. Digital Equipment, which would be ousted as IBM's number two by the newcomer, fell $1⅛ to $177⅞ in cautious trading. NCR opened sharply higber but was later unchanged at $50⅞.

Merck, the leading pbarmaceutical stock, jumped $2 to $177. The group sells balf its products overseas and its share price reflects Wall Street's belief that the dollar will renew its fall. Other pbarmaceutical issues lacked supporters, bowever, with Pfizer easing $⅞ to $60½. Upjohn, after surging ahead for more than a week on reports of success for its new antibaldness drug, sbed $1⅛ to $88⅞.

Utility stocks remained uneasy as further details emerged of the disaster at the Soviet nuclear-powered energy plant. Long Island Lighting (Lilco), which bas fallen on worries over prospective political and public attitudes towards its nuclear powered plant at Sboreham, near Manhattan, rallied $⅛ to $12.

Chemicals, also unsettled by the renewed focus on safety at large industrial plants, showed minor losses. Monsanto eased $½ to $59⅞, and Du Pont $⅜ to $76⅜.

The uncertain trend of crude oil futures over recent sessions on the New York Mercantile Excbange left oils a shade easier. Atlantic Richfield, strong last week, settled at $56⅛, just $⅛ easier after the chairman told the annual meeting that he expected oil prices to settle at $18–$20 a barrel by the year end. Exxon, which beaded a list of gains on Monday, shed $⅛ to $59⅛.

A reaction in railroad issues took the Dow transportation lower once more. Burlington Northern gave up $⅞ of its recent gain to stand at $66⅜. Airline stocks lacked thrust, with American down $⅜ at $57⅛, United $⅜ off at $61¼ as profits were taken after last week's gains.

The Detroit motor stocks, responding to several factors including the latest industry sales figures, price increases and uncertainty over oil prices, showed irregular changes. General Motors fell to $79¼ in moderate turnnver, while Ford added $½ to $79⅜ and Chrysler $¼ to $39¼.

Financial issues were mixed with J. P. Morgan still favoured. It was $1 up at $83⅞ while Citicorp shed $⅜ to $45¼.

Worries over the prospects for Japanese demand at the auctions of long-dated treasuries later this week upset bonds, but losses were trimmed to half a point after Dr Henry Kaufman, chief economist at Salomon Bros, told a conference that US rates could fall further. The short end held steady, however, with federal funds at 6⅝ per cent, after the Fed made a further $2.5bn in customer repurchases.

LONDON

Early gains trimmed as demand falls

LACK OF DEMAND trimmed London of early gains prompted by Monday's recovery on Wall Street.

The FT Ordinary index ended the session 14.4 lower at 1,366.5, despite the prospect of lower interest rates worldwide.

Among actives H. Samuel added 29p to 116p on news that Ratners had taken a big stake in the company. Saatchi & Saatchi lost 20p to 755p after confirming merger talks with Ted Bates of the US.

Jaguar added 3p to 496p on US investor interest, Kenning Motor was up 47p to 330p and Park Place rose 48p to 308p.

Longer-dated gilts beld gains of about a balf.

Chief price changes, Page 45; Details, Page 44; Share information service, Pages 42–43

HONG KONG

NEW peaks were scaled in Hong Kong yesterday, boosted partly by a successful launch of trading in the Hang Seng index futures contract.

The climb by the index, which closed 15.72 up at a record high of 1,858.15, was also belped by bopes that funds would return to the market later this week from unsuccessful applicants for shares of Cathay Pacific, which was almost 33 times oversubscribed.

Among actives properties sbowed some good gains. Cheung Kong closed 20 cents up at HK$21.90, New World Development gained 10 cents to HK$8.50, and SHK Properties were also 10 cents up at HK$12.70. Hongkong Land was steady at HK$6.50.

Most banks also ended the day higher with Hang Seng adding 50 cents to HK$39.75 ex-dividend and Hong Kong and Shanghai up 5 cents at HK$7.10 ex-all. East Asia was steady at HK$19.90.

AUSTRALIA

ACTIVE buying of industrials spurred Sydney to close at record levels with the All Ordinaries index adding 7.1 to 1,238.3.

Special situations and institutional and overseas demand for blue chips boosted industrials but the lower dollar left minings and resources down at the close.

BHP lost 6 cents to A$7.56 in quiet trading but Bell Resources added 5 cents to A$4.30 and its parent Bell Group 4 cents to A$8.54.

Banks closed mixed with National Australia down 2 cents to A$6.26, Westpac unchanged at A$5.98 and ANZ up 4 cents to A$6.16.

Among minings CRA fell 16 cents to A$8.30, Central Norseman lost 10 cents to A$6.70 and Western Mining shed 2 cents to A$3.28. Oil stock Santos rose 2 cents to A$3.60.

CANADA

EARLY GAINS were trimmed in Toronto whicb traded mixed with a moderately firmer bias.

Amoog active industrials Bell Canada traded unchanged at C$39⅛ as did Consumers Distribution Class B at C$8. Dome Petroleum fell 10 cents to C$1.76 and Canadian Imperial Bank of Commerce C$⅛ to C$19⅞.

Among minings Dome Mines traded C$⅛ lower to C$9 and Lac Minerals C$⅛ to C$21⅞, while Noranda was unchanged at C$16⅛.

In Montreal all sectors drifted lower.

SOUTH AFRICA

THE STEADY bullion price helped to buoy golds in Johannesburg, which also benefited from the continuing pressure on the rand.

Driefontein added 50 cents at the close to R53.50, Free State Consolidated 25 cents to R36 and Buffelsfontein R2 to R69. Gold Fields SA were steady at R35.

Other mines followed the firmer trend with diamond sbare De Beers adding R1 to R24.50 and Rustenburg Platinum 15 cents to R31.50. Mining financial Anglo American was steady at R42.

Industrials were mixed.

EUROPE

Confidence overcomes indecision

THE EARLY strength of the dollar brought renewed vigour to European bourses yesterday, ending the hesitation and indecision of the past few sessions.

Frankfurt recovered from Monday's sharply lower day of trading, buoyed by investor confidence on the country's economic outlook.

The Commerzbank index regained 22 points to end at 2,121.3 after a 29.4 point drop on Monday.

Speculation that the Bundesbank will not change leading interest rates in today's council meeting did not deter the avid investor wbo tended to concentrate on car and banking issues.

VW, which doubled its profit in 1985, gained DM 11 to DM 625.50, Daimler jumped DM 22 to DM 1,445 while BMW gave up DM 5 to DM 579. BMW also announced a one-for-four rights issue to raise nominal capital by DM 150m.

Among banks, Deutsche surged DM 20 to DM 852 while Commerzbank put on DM 6 to DM 344 and Dresdner DM 8.50 to DM 459 ex-rights on increased prospects for world interest rate cuts following the Tokyo summit.

Chemicals firmed slightly despite Bayer's news that its pre-tax profit slipped in the first quarter of 1986. Bayer added DM 4 to DM 308.

AEG, whicb is expecting a sales increase and plans a capital spending drive this year, gained DM 3.50 to DM 360, and elsewhere in the electrical sector, Siemens added DM 12.80 to DM 652.80.

Bonds ended sharply higher on interest from bargain hunters following Monday's 150 basis point fall. Longs gained as much as 120 basis points, while shorts recorded losses of around 15 points.

The Bundesbank reversed its intervention tactic, selling DM 76.7m worth of paper after buying a befty DM 181.6m on Monday.

Bond and share turnover during April was set at a record DM 40.39bn, 29.7 per cent above the March figure. Turnover in the first four months in 1986 rose to DM 135.2bn from DM 52.2bn in the same period in 1985.

Paris continued firmer as traders again reinvested profits taken during the previous week.

Electronic issues and food shares were popular with Moët-Hennessy, the rosebush to champagne group, FFr 100 higher at FFr 2,550 and BSN up FFr 118 at FFr 3,938.

Alcatel, a market favourite recently, jumped FFr 130 to FFr 2,350, while Matra gained FFr 120 to FFr 2,550.

Foreign buying pushed **Brussels** higher again with strong advances recorded among oil and chemical stocks.

Rumours that GBL would announce a capital increase soon or participate in the privatisation of Banque Paribas France aided its BFr 180 rise to BFr 3,470.

Cobepa, which has a minority stake in GBL, ended unchanged at BFr 4,540.

Amsterdam was broadly firmer after a quiet day of trading. Many local investors remained on the sidelines, unnerved by political uncertainty and industrial unrest.

Unilever recouped most of its previous day's losses, adding Fl 4.50 at Fl 430.50 and Royal Dutch gained Fl 2.70 to Fl 190.70.

Bonds were higber, spurred by rumours that a new state issue is imminent.

Leading industrials resumed their upward trend in **Zurich**, boosting prices across the board.

Continued demand fuelled **Milan** early in the session, although some late profit-taking pared some of these initial gains. Investor interest focused on insurance groups, industrials and banking issues, helping selected shares to close at record levels.

Market leader Fiat resisted the later lower trend and ended sharply higber at a peak of L13,905, up L906. Other companies io the Fiat group were also among the best performers of the day. Pirelli rose L169 to L6,199 and in the public sector, Saipem added L348 to L5,648.

Mediobanca slipped L700 to L285,500 from its previous day's record level and among insurers, Generali put on L600 to L143,200.

After Monday's wave of profit-taking, **Stockholm** bounced back encouraged by lower domestic interest rates. Advances led declines 149 to 26.

Madrid was also firmer with utilities and communication issues leading the upward move.

Rumors of a local currency devaluation depressed Oslo, where the bear trend persisted. Turnover was low and foreign investors were absent.

Norsk Data added NKr 5 to NKr 426, while Norcem gave up NKr 6.50 to NKr 65.00.

TOKYO

Rise to peak prompted by constructions

ACTIVE buying of constructions propelled Tokyo to another all-time high yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

However, export-orientated blue chips were sold as the Tokyo summit of the seven industrial powers closed without agreement on co-ordinated intervention in foreign exchange markets.

The Nikkei average rose 31.71 from Friday to 15,900.15. But trading volume shrank slightly from 603.53m to 509.32m shares. Advances led declines by 460 to 411, with 99 issues unchanged.

Investors adopted a hands-off attitude, reflecting bleak prospects for coordinated intervention in foreign exchange markets and the Tokyo summit's confirmation of multilateral surveillance of the international monetary system. This was expected to boost the yen further to the detriment of the Japanese economy.

Blue chips lost ground on light selling after the dollar fell below Y166. Hitachi shed Y27 to Y904, Toshiba Y17 to Y415, NEC Y70 to Y1,490 and Matsushita Electric Industrial Y70 to Y1,530.

Precision instruments also eased, with Olympus dropping Y70 to Y1,190.

The fall of the dollar prompted investors to seek constructions, which accounted for seven of the 10 most-active stocks. Taisei topped the list with 18.68m shares changing hands. It climbed Y20 to Y500. Tobishima, the second most active with 17.61m shares traded, advanced Y36 to Y745, Nishimatsu Construction Y50 to Y555, Daiwa House Y50 to Y1,490, Hasegawa Komuten Y31 to Y890, Okumura Y47 to Y555 and Sumitomo Construction Y27 to Y410.

Properties were also popular, Tokyo Tatemono added Y50 to Y1,390 and Mitsui Real Estate Y40 to Y1,660.

The strength of constructions and properties reflected investor hopes for new government measures to boost domestic demand, sparked by European and US leaders' comments supporting further strengthening of the yen.

However, the domestic-demand related market leaders in March remained out of favour due to persistent large-margin debts. These include Kajima, Mitsubishi Estate and Nippon Express.

Nippon Steel was the fourth busiest stock with 13.29m sbares traded and gained Y2 to Y167 on large-lot buying by institutional investors. Ishikawajima-Harima put on Y10 to Y198.

Elsewhere, Nichiro Gyogyo jumped Y20 to Y435 on rumours of buying by speculators, while Ube Industries gained Y23 to Y287 with the fifth largest trading volume of 13.20m shares on reports of its development of a new bioactive substance.

Bonds opened firmer, helped by the yen's surge, but dipped later on profit-taking.

A big investment trust management firm sold 6.2 per cent government bonds maturing in July 1995 and bougbt 5.1 per cent government bonds maturing in March 1966. These are expected to become a bellwether bond. Purchases of the 6.2 per cent bond dwindled rapidly, sending the yield up from 4.575 to 4.630 per cent and to 4.610 per cent on the over-the-counter market.

The yield on the 5.1 per cent bond fell from 4.695 to 4.810 per cent on increased buying by dealers. Other bonds were ignored.

SINGAPORE

BARGAIN-HUNTING and a demand for blue chips helped take Singapore higher altbough trading was subdued as investors awaited the outcome of elections in the east Malaysian state of Sabah.

The Straits Times industrial index closed 2.60 higher to 576.27.

Among actives Promet added ½ cent to 30 cents while Genting rose 10 cents to S$3.50.

Among banks DBS added 4 cents to S$4.80, OCBC 10 cents to S$6.05, OUB 4 cents to S$2.38 and UOB 2 cents to S$3.04.